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BULGARIA

Muslim Issues in Bulgarian History

22000118 Sofia RABOTNICHESKO DELO
in Bulgarian 7 Sep 89 p 2

[Article by Academician Angel Balevski, honorary chairman of the Bulgarian Academy of Sciences: "A Common Home Cannot Be Built on Coercion and Hatred; The Falsifications of Pan-Turkism Are Incompatible With the Language of Civilization"]

[Text] Science (the science of history mainly) and politics have not always been friends. Whenever science has rejected some wrong claims and political intentions and steps based on them, although unloved and looked at with a jaundiced eye, it has carried out its duty and laid the foundations for a healthy future; whenever, and regardless of the reason, it has adapted to politics, it has stopped being a science at all and, which is worse, it has contributed to the appearance of grave historical difficulties.

Science means searching for the truth and its interpretation in such a way as to always serve mankind. A politician who does not take science and scientific truths into consideration is not a politician but an irresponsible individual, who makes trouble, for he operates in total darkness. A number of historical examples to this effect are available. I have frequently looked at history and tried to understand some phenomena and their reasons and consequences and to compare and analyze them and seek analogs.... I remember an interesting thought expressed by Charles Percy Snow in his lecture on "The Two Cultures." I hope that I will quote it accurately: "If our predecessors had invested their talents in the Industrial Revolution and not in colonizing India, today our foundation would have been stronger." We are forced to agree with Snow, which means that the English did not see what they were losing for winning (let me emphasize that at this point we must mandatorily also see the spiritual tune-up and then the retuning of the entire nation, a process which takes generations). Meanwhile, other nations have thought that they were losing while, actually, they were gaining.

Let me also mention a definition expressed by Wilhelm Ostwald: "Science is the art of prediction." Yes, indeed, a prediction based on scientifically established facts, of truths, a prediction which is such as to prevent actions which have fatal consequences, particularly under the present circumstances.

I have frequently considered the question of the distortion of historical truths and the falsifying of history in the service of politics and the consequences of such falsifying which, in the final account, have caused harm to everyone, including those who had hoped to extract some benefit from such falsifications.

Events have frequently taken place which affect my country quite strongly and, naturally, me personally, as a

Bulgarian. However, they also lead me to dark thoughts and anticipations of the future, as a person who has had the opportunity to acquire rich information concerning terrible facts—scientifically established truths which now pertain to all mankind—and to its future and entirely possible doom. That is precisely what I would like to discuss, I repeat, motivated by and relating it to actions which may be noted as occurring around us.

At the beginning of June some 30 among us were invited by the Academia Nazionale dei Lincei in Rome to discuss some problems related to the elimination of chemical and nuclear weapons and the possibility of reprocessing radioactive materials in a way suitable for civilian use. I emphasized at that meeting that disarmament should no longer be considered as a final objective but as the elimination of the most serious obstacle to achieving trust, total trust, among all (I repeat, all!) peoples on earth. It is only with such a full and comprehensive trust that (before it is too late) we shall be able to develop universally valid planet-protecting laws to avoid the threatening ecological catastrophe. Deserts are growing, new deserts are appearing, fertile arable land is being destroyed, the atmosphere is being poisoned, the phytoplankton and the big forests, which generate oxygen which supports our lives, are being destroyed.... Changes are taking place in the composition of the atmosphere, which will lead to a disturbance of the heat balance on earth and to unpredictable changes in the normal dynamics of air masses and ocean currents. The consequences of all this should lead to such changes in living conditions under which mankind would either degenerate or, in general, will disappear as a zoological species.

The new thinking (imposed by the circumstances!), confidence, good intentions, and general efforts would enable us to save life on earth. Any one who does anything which obstructs the path of confidence should be proclaimed an enemy of mankind. The question is much more serious than many people realize (or, in general, fail to realize). It is no accident that educated mankind has been shaken up and wise statesmen of the great powers are making efforts to open the way to trust.

Any conflict, wherever it may occur, hinders development. It is well-known, however, that given the circumstances of the 20th century, any European war cannot fail to turn into a world war and any tension in Europe leads to tension throughout the world.

Under these circumstances the lengthy and systematic enhancement of a monstrous pan-Turkism—laying claims on half of Asia and Europe, promoting chauvinism and a wild hatred of other nations, burning national flags, and formulating menaces in newspapers and by power-holding individuals threatening us with the destruction of neighboring countries is a very worrisome matter. It is not merely a question of the fact that the Republic of Turkey is threatening its neighbors. Fires are burning in several places on earth. However, the people have become accustomed to looking at them

(fires in which, incidentally, millions of human beings have perished since the Great War) as not threatening to them, as local phenomena. At this point, however, in this geographic spot, nothing can remain local and safe to the the rest of the world.

Motivations and historically "scientific" substantiations or justifications are being sought for each criminal intention (committed on the state level). In this case it is a matter of indignation and sadness that educated Christian "scientists," respected by the Western countries, such as Machiel Keel are found, who can describe the way, in conquering the Balkans, the Turks made the local populations happy, bringing them culture, order, justice, and humanism. These are dishonest, false, and cynical statements. Our country is a very old European country, it is 1,300 years old. Under Byzantine influence, before the Turkish invasion, for 700 years it created its own culture and in 500 of those 700 years (more specifically, 528 years) it participated as a Christian country in the building of a humanistic Christian European culture. Yes, dear Christian writers of history, our people participated in the creation of and is part of European humanistic culture which (and which distinguishes it from all other cultures) rested firmly on three foundations, on three great ideas which were born in the Mediterranean: the ancient Greek ideas of individual freedom and human dignity and the Judaic idea of compassion.

By the end of the 14th century the famous Turnovo School of Evtimiy, our last patriarch, was dispersing light on many countries. However, the invaders came and extinguished anything which could shine and a dark slavery came to our country.

Let me give you a very short sultan-Turkish glossary used by those who, by turning history inside out, feed the most regressive and most dangerous phenomenon of our present—pan-Turkism—and serve it by promoting among the cultural world false ideas about our past:

1. Raya: Christian population in the empire, deprived of human rights;

2. Gyaur: A degrading and scornful name given to all of us who are not Muslim (including you, dear writers of history).

There is one more word... which, when pronounced, a person may wonder what was the appearance of the demon who invented the concept indicated by this word:

3. Devshirme: blood tax. Not thousands but millions (in the course of the centuries) of young Christian boys (mainly Bulgarian) were taken away selectively from their parents: the most beautiful, the healthiest, and the most intelligent, and raised in such a way as to turn into wild beasts, who were trained as the janizary soldiers who killed their own brothers and sisters, their own fathers and mothers and the purpose of which was to conquer and crush the world.

No nation on earth other than the American Indians (and, perhaps, the Armenians) has been subjected to such extermination as our nation. I am not speaking of mass conversion to Islam for, although alienated from their nation, these people were at least kept alive.

So much has been written by travelers and eyewitnesses, so many songs are found in our folk music in which young girls are "crying tears of blood" for their killed and kidnaped relatives, crying for the "three chains of slaves," that any literate person could easily find out about many of the horrible truths. Our science could provide for all this huge scientific data. I no longer wish to explain that the earth is round.

What about the brilliant Byzantium!? Two hundred and fifty years before the Turks the knights of the Fourth Crusade captured Constantinople in the year 1204. As was the custom at that time, they plundered some values but did not destroy either homes, churches, or palaces, and Baldwin settled in the palace of the emperors as the emperor of the Latin kingdom.

A quarter of a millennium later, the Turks took Constantinople and did not leave one stone unturned. Hans Dernswam, who spent 2 years in Constantinople, to the best of my recollection, writes in his diary—a travelogue—that one sees everywhere the ruins of fabulous palaces and other buildings but that everything has been destroyed and wrecked and the Turks live like.... "At this point, indignant, he describes the Turks in such insulting terms that I am unwilling to mention them, for I consider unfair to insult nations. Furthermore, all of this took place 600 years ago, when people were not all that refined.... However, this horrified and angered a Christian European.

Nonetheless, I would like to ask these Christian contemporary defenders of the medieval culture of the sultans, based on the sword, which apparently benefited the Balkan (and other, including Muslim—such as Arab) nations, where did they see that culture? Did they note any material features of it in our country, for instance? Any nation which has dominated another has left something which improved its culture and, in many cases, has led to the enrichment of the local culture—the culture of the conquered: the Romans in the Balkans; the Moors in the Pyrenees; the British and the French, in their former colonies.... In our country, however, there were ruins and more ruins and bareness in areas where culture blossomed before the invasion.

Are the Christian writers of history who are supporting pan-Turkism dreaming of the restoration of such fierce sword-based "culture," which is a black stain in human history?

Mankind has breathed a sigh of relief in recent years. Hope has awakened. Increasingly, the people are setting aside muscles (all animals have muscles, horns, fangs, and hoofs or, in a word, weapons) and have begun increasingly to use attributes which best characterize homo sapiens: intelligence and language. Intelligence, for

the creation of good thoughts, and language, for the expression of such thoughts and for contacts and sharing with one's fellow-man. Cultural mankind has experienced much suffering born of madness and has learned many lessons. The understanding that we must strike out many old experiences and learn the new thinking is conquering the awareness of an increasing number of people. Mankind is thirsty for goodness, humanity, and reciprocal understanding. An increasing number of people realize that there are matters which stand supreme: the eternal human spiritual values. Placing such spiritual values on the proper level is not only a need of the human soul and a prerequisite for spiritual enhancement but also a prerequisite for the creation of trust, for the unification of minds, efforts, and technical possibilities in order to ensure the survival of mankind.

The process of enlightenment has begun and anyone who does not want to be an enemy of mankind should support it. And it is at this moment, when the foundations are being laid for a sensible and humane universal human feature, when these foundations are still brittle and not very resistant, there has appeared on the stage an incredibly regressive pan-Turkism; hatred of other nations is being preached and threats of their annihilation are being voiced.... This is strange... and very dangerous. It is totally conflicting with the processes being initiated in the world. This must be understood by everyone.

I frequently recall a Pushkin verse:

I will please the people whose good feelings I have prompted with my lyre....

Yes, art should be such as to create good feelings, to ennoble and enhance man.

But what about science? Science must tell the truth, must promote "good thoughts" and lay foundations for the spiritual advancement of man. When it becomes a question of relations, trust, mistrust or fears, science must be able to explain everything against the background of the past, for there can be no understanding of the present without knowledge and understanding of the past. The science of history has been greatly abused for all kinds of reasons and purposes! Our own Bulgarian history has been distorted (not to mention falsified and plundered) by both people (historians and others!) and citizens of countries which have not been particularly well-disposed towards us, as well as scientists in many countries which are close to and friendly with us. Well, such is our history, such is our geographic location, such is our destiny. We have accepted this as being our own problem. Furthermore, the Bulgarians have a strong heart developed by a very heavy experience in suffering. As to the defenders of the sultan-sword heaven of the raya and gyaurs, let us consider what could follow by supporting pan-Turkism: It is like playing with fire near a gunpowder dump. At this point the question is not ours—Bulgarian, Greek, Soviet or Arabic—countries which are directly threatened, but becomes a question of

all humanity. The earth has already become very small and all mankind must live in a humane and sensible way as a single organism, or else it will die. I am not exaggerating. I have extensive information and I am simply frightened. Those who think that they can live in the stateroom of a ship which has sunk are idiots; our ship could sink unless rescue efforts are undertaken. Unfortunately, Schiller was right: Even the gods cannot fight stupidity. Nonetheless, we must fight. We must fight with our minds and with facts.

For the celebration of the centennial of our liberation, the Bulgarian Academy of Sciences organized a scientific conference with international participation. Two Turkish scientists as well were invited, who presented interesting reports (one of the two was a very direct descendant of Osman Pasha). I had the opportunity of having a long talk with these two Turkish historians. Naturally, the main topic was the Russo-Turkish War and the events which preceded and followed it. I learned as a result of their studies a number of things which I did not know before. We discussed calmly the events which occurred, we interpreted and, in short, we discussed the way we would discuss with the French and the British, for example, the One Hundred Year War or Joan of Arc. These were educated and modern people. We developed between us a feeling of sympathy and we subsequently corresponded. I cannot imagine such educated people (unquestionably modern Turkey must have many people like those) as medieval pan-Turkists. It so happened that in the course of various international events we met on several occasions with Professor Faik Unat (this took place quite some time ago and I am not sure of the accurate spelling of his name; he died many years ago). He was a historian at the university in Ankara. We liked each other, we became friends, and we had a great deal of interesting discussions on historical topics. He gave me a present of a book which contained 8,600 wise sayings of most different origin: Arabic, Persian, Greek, Bulgarian, Serbian, and many others, all of them very good. I remembered some and I like to color my speech with them (naturally, in Turkish). On one occasion, in the FRG, in discussing with Slavic and Bulgarian students (who are very well familiar with our past) I quoted one such wisdom and I then translated it into German. One of my German colleagues asked me: "Do you not hate the Turks?" I answered that I did not hate them and that in general our people do not hate the Turks. Even, as Micho Beyzadeto used to say, although we were in the "guts of hell," the bylaws of the Secret Revolutionary Committee stipulated that we are not fighting the Turkish people but Turkish feudalism..., etc.

Yes, great suffering has taught our people not hatred but wisdom and humanity. The people understood that evil comes from hatred and not from tolerance. It seems to me that it would be difficult to find another nation that is so generous in spirit and tolerant as ours, so greatly deprived of hatred of foreigners but who have a little bit more liking of foreigners than is necessary to preserve

one's dignity. We sometimes do harm with our great humanity our own people, which no one has the right to do, either we or foreigners.

It is common knowledge that many of our truckers going to the Middle East are being mistreated without reason in Turkey. I would like to believe that this is the doing of hooligans. Such people exist among us as well, but no one would find among the thousands of Turkish citizens who travel across Bulgaria even a single one who has been insulted—despite the current circumstances!—by a Bulgarian. This is something that does not exist, that cannot and should not exist, for it is shameful.

Everything is a question of culture and education. It seems to me that our neighbors on the southeast will obviously find in the future, to use the words of Charles Percy Snow, a "firmer foundation" should they "invest their talent" in economy and culture and not in pan-Turkism and hatred and fanatical nationalism.

The only way open to mankind is that of a well-wishing and understanding attitude among all nations. Sooner or later (let us hope that it is not too much later, irreversibly too late!) this will be understood by everyone.

A society can hope for progress only if it consists of people who are worthy of it with their individuality and freedom, who respect and help one another and who realize that they constitute a reasonable human society. The difference among its individual members is a great wealth, for it is a gradient for the dynamics of thoughts and ideas of spiritual enrichment.

Considering this shortening (because of rapid communications) of our planet and the creation of type of relations and interdependence in all areas of life in which the appearance of fatal universal problems, problems of life or death, we must become accustomed to the idea of the creation of a planetary "society," consisting of all mankind, of "individuals," of individual nations, each one with its own individuality and spiritual structure, developed in the course of not centuries but millennia. The difference among individual people or nations should attract and unite them, for it ensures their progress and reciprocal enrichment. If people are equalized and if nations are equalized there will be no more movement and a spiritual entropy, a spiritual death will take place.

Politicians who are urging the development of any kind of pan-isms should consider this. Life does not stop today or tomorrow.

HUNGARY

MSZMP Documents Evaluate Past, Vow Radical Transformation

25000421 Budapest NEPSZABADSAG in Hungarian
19 Aug 89 supplement p 1-16

[Two draft documents, also referred to as the MSZMP Manifesto, by the Hungarian Socialist Workers Party

Central Committee Reform and Renewal Commission, and a foreword by Imre Pozsgay, minister of state, member of the MSZMP Politburo and MSZMP CC Presidium, and chairman of the MSZMP CC Reform and Renewal Commission, calling for public debate of the documents; published as a supplement in NEPSZABADSAG]

[Text]

POZSGAY FOREWORD

Dear Reader:

After the May 1988 Party Conference, the Central Committee proposed the establishment of a commission to draft a new party program, in the spirit of more thorough self-examination and self-knowledge. According to the original plan, this commission of Central Committee members was to have prepared the draft of the new party program by mid-1990, the scheduled date of the party congress. But the acceleration of political changes, the situation of our country at the turning point in adopting a new model and undergoing restructuring, did not allow much time for this task. The rescheduling of the party congress required that our commission complete its work sooner. In compliance with this requirement, the commission has fulfilled its tasks and is making its recommendations public.

Today we are offering the party membership and the general public two draft documents for debate. One is a brief summary of the historical and political experience gained during the past 45 years, together with the most important conclusions that may be drawn from it. The other document is a draft of the party's new program. Its purpose is to lay the foundation for the activity of our party that is preparing to renew itself under the political conditions of a state ruled by law, a multiparty system, and freedom of association; and to define the tasks of a new, modern political movement that espouses European socialist values and sets democratic socialism as its goal. Background material for the drafting of these documents included, among other things, the two subcommittee reports that have appeared in TARSAD-ALMI SZEMLE during the past 6 months.

The two draft documents have been formulated on the basis of sharp discussions within the commission. The ideas contained in them may be regarded as basis for debate. We hope that the debates within the party and the comments made by the general public, during the preparations for the party congress and at the congress itself, will refine these ideas into a standpoint that reflects a sense of national responsibility.

[Signed] Imre Pozsgay, Commission Chairman
Budapest, 19 August 1989

DRAFT CRITIQUE OF PAST 45 YEARS

The MSZMP has decided to sum up its historical experience of the past 45 years. After a long and contradiction-laden journey, the MSZMP has come to the realization that its role within society must be radically reassessed. A break with the distortions of the past has long been hampered by our need to take very significant international factors into consideration. Such factors played a decisive role in that the party's reform forces, which advocated national interests and strived to achieve democratic socialism, either suffered tragic defeats (in 1948 and 1956) or were relegated to the background in critical situations. But these reform forces regrouped from generation to generation, encouraging the party to change its image, to conform to a new moral code and to recommit itself. Acceptance of this historical heritage guarantees that the past will not recur through anything the party does. The party is renouncing its monopoly of power, its role as the state party, and will regard itself as part of a multiparty democracy.

The MSZMP's renewal, however, is not a complete negation of our past. While we consider radical changes indispensable, we are also adhering to the socialist movement's lasting traditions.

Dashed Hopes

After the bloody tragedy of World War II, we began to shape our new democracy in a climate that remained relatively favorable through 1947. The parliamentary system of representation and direct local self-government were developing freely. The image of the future that the socialist forces presented to the nation suggested democratic socialism. Today the realization of modern democratic socialism is our party's main goal.

But the cold war, the conflict between the superpowers, and the worsening climate of world politics put an end to this promising development. In the change that occurred in 1948, Stalin—with the help of the Rakosi group—forced the Soviet model on Hungary. Our international relations in a divided Europe became one-sided, and we severed our ties with the advanced world.

As a strategy of modernization, socialism from then on was distorted into copying Soviet patterns. The stepped-up military preparations, the ill-conceived industrialization, and the forced collectivization of agriculture brought the country to ruin. The multiparty system's liquidation and the dictatorial party-state withered not only the achievements of a people's democracy, but the best communist and social democratic traditions as well. The party essentially ceased to be a political movement. The institutionalized tyranny was accompanied by the cult of the individual and politicization of every aspect of life. National interests were subordinated to a superpower's interests, and Molotov's foreign policy violated even the most fundamental norms of international relations.

The sharp decline in the standard of living, the harassment of millions of people, the trampling of rights and mass intimidations, and the nation's humiliation generated ever-greater dissatisfaction. Because of the terror and external pressure, however, this growing dissatisfaction was able to emerge as a political force only after Stalin's death.

Nevertheless, beginning with the Imre Nagy government's program in 1953, a reform orientation of uninterrupted continuity has been clearly discernible within the Hungarian Communist movement. It is an orientation that subscribes to our party's original democratic objectives, articulates society's real demands, and pursues national interests. From then on the real history of our party has been the history of internal struggle against Stalinism.

Tragedy of 1956

The Rakosi-Gero group's position of power became untenable by the summer of 1956, after the 20th CPSU [Communist Party of the Soviet Union] Congress. A popular uprising to overthrow Stalinism in Hungary erupted on 23 October 1956, but the forces opposed to socialism strove from the very beginning to exploit the uprising to their advantage.

The MSZMP, formed on 31 October 1956 under the leadership of Janos Kadar and Imre Nagy, declared that the satisfaction of justifiable popular demands was an essential prerequisite for democratic socialist renewal. The party intended to formulate its policies on the basis of national independence and sovereignty, of renouncing its monopoly of power, and of accepting workers' self-management and a multiparty system.

But the Soviet leadership—contrary to its 30 October statement—decided to intervene militarily and suppressed the uprising. Against the threat of the Rakosi-Gero group's restoration to power, Janos Kadar's wing of the MSZMP accepted the task of consolidation. Despite its initial isolation, the new leadership strove to make radical changes. But this historical situation produced agonizing human tragedies and contradictions. This applies to both leaders who founded the MSZMP.

After 4 November, Imre Nagy was unwilling to concede anything. His preference for martyrdom was exemplary. Janos Kadar was forced into serious compromises. The leaders of the international Communist movement and the domestic conservative groups demanded ruthless retribution, including the execution of Imre Nagy and his codefendants. Although Janos Kadar himself had accepted a multiparty system in late 1956, he was obliged to reintroduce a monolithic political system and central economic planning. He even had to temporarily abandon the reforms drafted after 4 November. On the other hand—by adopting a new political style that called for cautious, gradual, and partial modifications—he strove to achieve all of the 1956 MSZMP aspirations that Soviet interventions would allow. And this policy of compromise was the only realistic solution.

'Anyone Not Against Us Is With Us'

Kadar's policy created conditions that were unique in the climate of Central and Eastern Europe in the 1960's and 1970's. The rising standard of living, the successes in agriculture, and the respect for the individual's privacy and freedom of conscience produced radical changes, although the old framework remained in place. The scope of our national sovereignty also broadened, although it necessarily remained limited.

From the early 1960's on, there was gradual improvement in our living conditions, ranging from a more liberal cultural policy, through freedom to travel, to the acceptance of ideological and moral pluralism. The hallmarks of the new policy were the economic mechanism's announced comprehensive reform and the new practices in cooperative farming. But the Hungarian experiment remained isolated, and the system of economic relations between socialist countries rendered consistent achievement of our economic objectives impossible. And the fact that the political system remained essentially unchanged led to periodic reversions.

But the 15-20 years of Kadar's policy, with all its contradictions, produced an unprecedented phase of growth in modern Hungarian history. The threefold rise in consumption, the modernization of the way of life and of the social structure, and the rapid development of farm production were noteworthy even internationally, and unique for Central and Eastern Europe.

Reform Forces Lose Battle

The reversion in 1972-74 revealed the limits of the improved Stalin model, and thereby of Kadar's policy as well. Within the socialist countries the isolation of Hungary's policy of reform continued. In the absence of political reform, the forces opposed to reform were able to gain ground. The bias against intellectuals was retained, and the operation of the party and state apparatus remained anachronistic.

The absence of renewal was reflected in the MSZMP's 1975 program that essentially misjudged the possibilities of growth for Hungary's economy and society. It anticipated rapid economic growth and considerable lessening of social differences. The slowdown of the Hungarian reform process launched in 1968 perpetuated the economy's structure, hampered technological development, and generated processes that were at odds with international progress.

From the mid-1970's on, the MSZMP was thus held captive by an economy that was rapidly becoming obsolescent, and by rigid power relations. Although its policies met the short-term interests of significant social strata, they were in conflict with the country's long-term interests. The economic administration responded to the mounting difficulties by curbing first investment and then the rise in the standard of living. But it strove to

compensate for the latter by tolerating a second economy. Without this, the decline in the 1980's would have been far more serious.

However, during this period Hungarian foreign policy demonstrated a high degree of flexibility in achieving successes. Hungary assumed an active role in the Helsinki process and significantly improved its relations with the developed West. The careful development of economic reforms from 1978 on strengthened our country's international reputation.

The Price of the Compromises

The production capability of the country deteriorated, however, because the endangered production system, the obsolete infrastructure, the lack of reserves, and the growing social tensions increasingly restricted the government's scope of action. The basic reason for all of this was that political reform was not running parallel to economic reform. Methods of exercising power did not change. The incorrect cadre policy which subordinated talent and expertise to "political reliability, and made conformity the basic condition, was perpetuated."

As a consequence of all these problems, ever more threatening cracks slowly appeared in the walls of the silent national consensus built up in the 1960's and 1970's. The popularity of the party began to deteriorate severely. Conflicts began to surface in the intellectual area, primarily because of the closed political system. The majority of society remained outside of politics. In response to the tension, demands for reforms also gained strength within the party, but could not assert themselves openly. The party leadership in the mid-1980's decided to continue economic reform. This is how the new phase of economic policy in 1984 came about. The 13th MSZMP Congress in 1985, however, assessed too highly the realistic potential of the country, and without foundation expected tangible results from partial reforms. At the same time the party leadership rigidly precluded itself from any restructuring of the political system or renewal of the party movement. In a short time this policy line led to a very serious dead end.

It became clear to the party reformers that it was impossible to solve the problems of the national fate without the internal renewal of the MSZMP and the restructuring of the political institutions. These efforts were greatly helped by the changes in 1985 that took place in CPSU policy and by the fact that reform processes were initiated in several other socialist countries as well.

At the end of 1987, the party rank and file forced the convening of a party conference. The May 1988 party conference radically transformed the top leadership, and decided on fundamental changes. This process will become a milestone for the party congress set for the fall of 1989, which will clarify basic concepts and political policy lines to complete the renewal of party ideology and organization.

DRAFT PROGRAM FOR RADICAL RENEWAL

At the historical turning point of the late 1980's, our country's political possibilities are drastically altered. We have an opportunity to adopt a new policy that pursues national interests, and to develop a new model of socialism. The reform forces that have existed within the party for decades—sometimes openly, sometimes underground—have gained the upper hand and have paved the way for a peaceful transition from state socialism to democratic socialism. Thanks to these initiatives, Hungary will have a multiparty system and will become a state ruled by law, where the source of power will be the popular will expressed in free elections, and where the nation will be able to oversee the exercise of power.

I. At the Turning Point

1. Our party's main goal is a peaceful and gradual transition to democratic socialism. That way we will be able to avoid deepening the crisis, and to provide the conditions for national renewal and for catching up with world development. Our democratization efforts are not motivated solely by the pressure of circumstances. We will be able to find a way out of our crisis only by liberating society's energies, through cooperation among the forces who feel a sense of responsibility for the nation's future and who will simultaneously be competing with one another.

2. State socialism has plunged Hungary into a crisis that is evident in the economy's poor performance and its ever-greater lag behind world development, in the growing dissatisfaction felt by all social strata, and in the wavering confidence placed in the governing party. All this is intertwined with a profound moral crisis. The crisis is undermining faith in the feasibility of socialism's realization. Changeover as soon as possible to a new model of socialism, transition to democratic socialism, has become unavoidable.

3. The changeover to the new model is also being forced on us by the fact that our country—like all other moderately or less developed countries—is facing a historical challenge. Science, intellectual achievement, and innovation have become the locomotive of growth and the determining factor of prosperity in the world. Today ability to compete in the world market depends basically on the intellectual content of goods and services. The huge risks of modern research and development demand refined decisionmaking and financial systems, and the flow of information at unprecedented speeds. Boldness, flexibility, independent thinking, and a high level of education and training have become the determining factors of success. This challenge has caught our country unprepared, and the changeover to the new model has become urgent for the adjustment to world development.

4. The changeover to the new model demands reassessment and restructuring of our socioeconomic system, down to its very foundation. The party wants first of all to distance itself from every variant of Stalinism. This is

the determination with which it has started off on the road to reform and has taken the first steps toward democratic socialism. The party feels responsible for the crisis and duty-bound to extricate us from it. But the party will consistently preserve all the socialist ideals whose appeal not even Stalinism was able to dim. In the course of the reforms our party intends to realize substantially more, not fewer, of these ideals. It intends to convert the slogans into practice.

5. We want a socialist welfare state whose developed and fair social system is based on the performance of a functioning market economy. A welfare state in which people feel at home and are able to develop their abilities, earn their living in peace, and ensure a secure future for their children. We want to provide greater social security, with special attention to the situation of young people, retirees, and women, and to job opportunities. Our most important aim is to upgrade the quality of life that includes, in addition to the material living standard, intellectual self-fulfillment, a healthy environment, improved public affairs, and enjoyment of political rights. Overcoming the crisis, however, will require sacrifices from the nation. While our party appeals to the nation to accept these sacrifices, it also offers guarantees that the people's lot will soon improve. These are not empty phrases. By creating a multiparty system, social oversight, and openness, the party itself is putting in place the institutional framework through which its promises can be called to account.

II. Democratic Socialism

6. Harmony between the individual's development and that of the community is the foundation of democratic socialism. Our goal is a collective society in which the free development of individuals and of their associations can be realized in an epoch-making process. Our immediate task is the expansion of human, political, and social rights. Our medium-term goal is to create a production structure that is based on education, research and development, and skilled manpower. And our long-term program is to attain the same level of civilization that exists in advanced countries.

7. The changes leading to democratic socialism essentially call for the following:

—On the basis of a broad national consensus, the establishment of the institutional framework required by a democratic state under the rule of law, and reinforcement of that framework with the institutions of direct democracy, namely referendums and popular initiatives;

—A balanced division of power among the various organizations and power centers, to prevent any excessive concentration of power and strong-arm policies;

—A freely elected and responsible parliament that embodies popular sovereignty and exercises supreme

power, under the effective control of democratic public opinion, the president of the republic, and the Constitutional Court;

- A multiparty system that serves to organize and articulate the popular will, and free competition among the various political organizations and orientations;
- Independent interest-representing and corporative organizations, and constitutional guarantees to protect all—ethnic, religious and other—minorities in the country;
- An open political system that the citizens can clearly understand and easily oversee; and openness for any opinion that does not violate the Constitution;
- Local power as a distinct branch in the separation of powers; the complete independence of local governments and of regional self-administration.

8. We intend to ensure the social system's socialist character by placing emphasis on the free development of collectives and individuals:

- Through dynamic social development that, in historical perspective, will lead to the full realization of personal freedom;
- Through a stable system of social justice, equity, equal opportunity, social security, and solidarity, all of which will lead to the emergence of a collective society;
- By developing initiative, participatory democracy, a democratic political culture, and voluntary public oversight, at the every level of the political system.

9. Of outstanding importance from the viewpoint of democratic socialism is a system of self-government based on the principle of popular representation. In the operation of the councils, assertion of the population's interests must be clearly distinguished from the local administrative and official functions of state power, and the councils' elected bodies must be separate from the specialized administrative agencies. The functions of popular representation must take precedence over the functions of state power. The system of councils must be transformed into a system of self-government, and local governments must become the political, administrative, and economic basic units of their settlements.

III. A New Socialist Party

10. Our party's reform, its renewal, is the most important element and pledge of our reform efforts. This is reflected in the change of the party's name. We want to transform the party-state's state party into a socialist party that will compete with other parties, in accordance with the Constitution. Our party will respect the national public will expressed in the elections, but it will strive for decisive influence over government, the same way as its political competitors. Our renewed political organization will be:

- A socialist party that adheres to basic socialist values and pursues a set of objectives for developing an environment-friendly and humane society;
- A people's party that represents and articulates as political will the interests of society's overwhelming majority;
- A reformist party that concentrates its efforts on the present historical period's epoch-making task, namely radical reform and peaceful transition to democracy;
- A democratic party that applies democratic principles to its internal structure and organization, the principle of spontaneous organization, the principle of freedom to hold constructive debates and present platforms, and the principle of every elected body's oversight by the membership and the movement;
- A party of the future which, in its search for a way out of the present crisis, is already beginning to pave the way for transition into the next century's civilization and a new commonwealth of nations. It is dedicated to, and wants to be the initiator of, the Hungarian nation's renewal and a collective welfare society's realization. Thereby it will be a real
- National party that fosters and develops further Hungarian national values and undertakes to safeguard the interests of Hungarians living abroad.

IV. A Mixed Market Economy

11. A reform of ownership is a prerequisite for economic renewal in the transition to democratic socialism. We need a system of ownership that will serve our economic growth and will most effectively augment the nation's wealth. Various forms of ownership will have to cooperate within such a system. All modern forms of ownership—from small private ownership through cooperative and state ownership, which will have become viable, to community and municipal ownership and foundations—will have to be given the opportunity to coexist. This will also include foreign ownership of equity capital. Ways must be found to enable any member of society to join any form of ownership as owner, as cooperative member, small owner, or shareholder. We regard as desirable the spreading of business associations, particularly of corporations, as well as the renewal of cooperatives and the application of the cooperative movement's proven principles and values. Wider use of the forms of leasing would help to make the entire system of ownership more effective. With these measures, ownership could become common and socialized.

12. We are committing ourselves to a variety of forms of ownership, and we intend to constitutionally guarantee the equal opportunity and security of every form. Adjustment to the rapidly changing world constantly demands new forms of ownership. Let individuals and collectives have the right to freely choose and change their forms of ownership. A change from any form of

ownership to another should be possible. The competition among the various forms of ownership enjoying equal opportunity will have the final say. Let the most effective form win in every area, and let the unsuitable forms be discarded. Long-term capital growth will be the measure of effectiveness.

13. In the transformation of state property it will be necessary to define, and to separate by means of statutory regulations, the tasks of each of the following groups: the administrators of state property [holding companies]; the entrepreneurs and managers; and the workers and employees. This must be done to prevent the squandering of national assets, their use to satisfy short-term interests of workers and employees, and management's misuse of its authority. The workers and employees' participation in management will have to be ensured, even when more capital owners and entrepreneurs joint the economy or assume a greater role in it. Let the safeguarding of the workers' interest be achieved through the more forceful and purposeful activity of the trade unions or other industrial labor organizations.

14. Our economy must become a market economy. This is not a political concession, but a prerequisite for the functioning of a modern economy and society. The market will organize and perfect itself if we place its players in a situation in which they are able to survive only by satisfying consumer and user demand. The first step toward freeing the market, therefore, must be to phase out subsidies, to overhaul the system of subsidies, and to close the loopholes in the principle of rating enterprises on the basis of their performance in the marketplace. This will involve losses and sacrifices. Our party intends to alleviate these negative effects by aid outside of the economy, through education and retraining the workers of the businesses that go under in the competition.

15. A modern, predictable, stable yet flexible fiscal system must be created as a prerequisite for a market economy. The forint's convertibility will serve as the money market's security and will ensure the entire economy's efficient operation. Without a convertible currency, there can be no link between the external and domestic markets. And a real domestic market cannot develop without opening the economy to the external market.

16. With the development of a market economy, the state's role in the economy must change. As in all advanced countries of the world, the state will have to concern itself with providing the set of conditions for the market's operation, and with encouraging new technologies and warding off the market's harmful effects. The modern state and the market economy are mutually interdependent and limit each other. State economic policy that expresses society's interests is not in conflict with the market economy's expansion; indeed, such a policy promotes the realization of all of society's objectives and guarantees that the economic situation remains stable and clear.

V. Income Distribution Based on a New Set of Social Values

17. The aim is a system of income distribution that, by offering stronger personal incentives, effectively stimulates performance while simultaneously offering greater economic security; alleviates social tensions through social entitlements; and is in harmony with the requirements of a market economy. In economic activity, the value of the factors of national income—labor, capital, land, etc.—must become more realistic. In addition to wages, the return on capital, entrepreneurial profit, reward for innovation, and agents' commissions and brokers' fees will be included among the legitimate sources of income. We will accept and support these forms of income if they reflect effectiveness and are beneficial to society. But the full force of the law must be brought to bear on incomes obtained by harming others (through fraud, corruption, etc.).

18. An increase in real income is in the interest of every social stratum. The engine of growth, however, will be a minority comprised of risk-takers and innovators. This well educated minority will be rightfully entitled to higher income for its successful activity. This is not in conflict with creating solidarity and equal opportunity; indeed, it provides the real material basis for their creation. We need to implement a social policy, economic, and income-distribution model in which a decent livelihood is based on social security guaranteed by the citizens' diligence and the state. During the economy's rapid transformation, some social strata must not be allowed to fall permanently and dismally below the society's average.

19. In developing a socialist welfare state, the state must assume a new role in culture, education, health care, and environmental protection. These are determining factors of high-tech production even in the short term, and in the long term they are the most profitable areas of investment opportunity. We must break away from popular but unfulfillable promises that are unfounded and could never be well founded, at our level of production. However, we must undertake to provide essential cultural, educational, and social services, including basic health care.

20. Our party regards national culture, education, and the development of science as a condition essential to progress. It perceives them as a national task whose program can be devised successfully only with the collaboration and cooperation of public figures. Here again, the MSZMP does not strive to be exclusive. It supports and accepts any effort that serves the development of education and culture, and opposes subjecting cultural interest to short-term political struggles and small-minded economic considerations.

21. Due to the country's peculiarities, the broadening of knowledge and an increase in the number of intellectuals could provide a chance to catch up with the economically advanced regions of the world. Therefore the development of culture (including education and science) is a

strategic task. An immediate and radical change is necessary in the real material and moral appreciation of intellectual effort. Culture's allocation from national income must be increased. The productive sphere, too, will have to assume a higher share of the costs of training experts in secondary schools and institutions of higher learning.

22. The state's monopoly in establishing and operating schools must be abolished at every level of the educational system. In place of the state's official control of education, a system must be devised that ensures professional autonomy and academic freedom, and offers the possibility of self-administration. Central supervision should be assigned the bare minimum of regulatory tasks necessary to maintain educational standards.

23. We are announcing a new policy on health care. The improvement of health care is a national concern. Considerations of efficiency and what is reasonable must apply here. It will remain the state's task to provide a rising level of basic health care, and citizens should be able to avail themselves of such care as a social entitlement. But the institutions of basic health care are sorely in need of radical reform, and a substantial improvement of their equipment and staffing is indispensable. We support the idea of private and enterprise contributions to the development of health care, and the spreading use of voluntary private health insurance for persons demanding an above-average level of accommodations, meals, and services. The conditions for leading a healthy life must be created.

24. The natural environment is a decisive element of the quality of life and the development of society. We support the environmental efforts of voluntary movements and local organizations. One of our most important aims is to ensure that the environmental impact of investment projects cannot be disregarded, and that harmful technologies cannot be maintained. Let the preservation of our natural environment and architectural landmarks become typical of our society, our moral values.

25. Within the framework of our reformed social policy we must first find solutions to the problems of the unemployed. The number of persons left without jobs must be kept as low as possible, through a strategy for creating jobs, and with the help of training and retraining programs. The party continues to regard social security as a fundamental value; but that means the economic security of individuals and their families, not the security of failing enterprises.

26. In allocating society's resources, preference must be given to supporting families and the institutions aiding them. It is our definite intention to help improve the demographic situation. For women we must provide conditions that will enable them to freely choose between a career or remaining home to raise a family. We believe that radical changes in the state's youth policy are necessary, and that the prospects of obtaining

housing must be improved. We are urging that jobs be provided for school drop-outs. Let there be youth sections within the party, so that the problems of youths may be included directly in the party's activity.

27. We are committed to the problems of the "third generation," the elderly. The overhaul of the pension system is an urgent task. Every citizen must be able to claim a basic pension as a social entitlement, regardless of his work. However, the general provisions for pensions must reflect the differences in performance. The spreading of voluntary private retirement insurance is also desirable. We will do everything possible to preserve the real value of pensions and to ensure a secure and meaningful life for the elderly.

28. The renewal of social policy also demands a declaration of war on poverty. Preventive measures are not only sensible "as charity," but can also be economically effective. Through them it may be possible to save the huge costs of subsequent efforts to combat severely negative social phenomena (criminality, alcoholism, and drug addiction). In addition to health, cultural, sport, and socialization or resocialization programs that strengthen family and community ties, this will require changes in the entire system of personal income tax and welfare assistance, taking social-policy considerations into account.

29. The contradictions of the earlier development and distribution model have been condensed into rural Hungary's neglect, the uneven development of individual regions, and the backwardness of some parts of the country. We definitely intend to abandon that model. We will fight for the interests of the provinces and for the economic rehabilitation of depressed areas.

VI. Our Place in the World

30. Being a part of the world's progressive and democratic forces, we wish to contribute toward solving the world problems that exist at the close of this century. We are committed to the Left's socialist and humanist ideals. Our party, undergoing renewal, intends to combine communist and social democratic values to become a force that serves the entire nation's interests. Having confronted ourselves and our past, let us seek a way out of the crisis with our program of democratic socialism for the entire nation, with society as its integral part. A transition from dictatorial state socialism to democratic socialism is unprecedented in world history. Therefore we cannot approach our goal by copying foreign models and applying abstract ideologies. Relying on a critical and self-critical analysis of the experience of Hungarian society's development, we want to proceed toward a functional social system that breaks away from models which are divorced from reality and are forced upon society from above or from the outside. And while our viable social model may borrow from international experience, it may also provide lessons for other countries.

31. With the implementation of our radical reforms, we cannot expect a rapid resolution of our economic problems. Therefore we must distinguish our immediate, medium-term, and long-term tasks. Our immediate task is to democratize politics, avoid economic collapse, and halt forthwith our cultural decline. We regard the curbing of inflation and unemployment, radical restructuring, and management of our foreign debt as the government's principal tasks in the 1990's.

Freeing the economy and culture from their present bonds could contribute in the short term to alleviating our problems. Around the turn of the millennium—when our long-term economic objectives will have been realized, and the political system could be providing a suitable framework for the processes of restructuring—it is already conceivable that we may be following the European mainstream and starting to catch up with it.

32. If we do not want to remain Europe's unskilled workers and poor relatives—lagging behind world development and forced to the sidelines of progress, as the victims of a heterogeneous industrial civilization—then our strategy for breaking out of the present crisis must be based on education and training, and on modern services and sophisticated production. But knowledge-intensive production requires educated brains and a new social structure. We want to keep pace with the advanced countries of the world in creating and applying civilization's new achievements. And we want to participate in maintaining international contacts in the economy, in science and culture, and in everyday contacts between ordinary people.

33. The MSZMP wants an independent Hungary. It urges the government to consistently represent our country's interests in international affairs. It recognizes the sovereignty and equality of states, the inviolability of their territory, the outlawing of the use of force, the peaceful settlement of disputes, and the fostering of friendship between peoples as basic norms. It intends to support the foreign policy efforts that have already enhanced our country's international reputation, including the creation of a democratic, peaceful, and secure international climate that is conducive to cooperation; confidence-building; and full respect of human rights. And the party wants to help Hungary join the mainstream of the advanced world. It is being led by the realization that national interest can be asserted only after careful consideration of the international realities and by honoring the country's international obligations.

34. International conditions are exceptionally favorable at present for a renewal of socialist values in Hungary. Our most important partner and ally, the Soviet Union, is itself implementing a radical reform. The similarity of our efforts fosters the hope that our relations will develop into truly equal relations and voluntary cooperation between countries freely choosing their social systems. In this approach, our relations with the Soviet Union will remain a fundamental element of our foreign policy. We will urge any political or military steps that

can serve to strengthen European rapprochement. Our aim is to simultaneously make NATO and the Warsaw Pact superfluous and ready for dismantlement during this century.

35. The MSZMP is striving to let rapprochement, rather than opposition, characterize the relationship between the existing systems of alliances. Even as a member of the Warsaw Pact, let our country act independently, and with more initiative, in helping to bring about agreements between the two blocs, to promote confidence-building, and to free international relations of ideological differences. The MSZMP believes that the time is ripe for the Warsaw Pact's internal reform, for the democratization of its organization, and for reinforcing the defensive nature of military doctrine. It is convinced that membership in a system of alliances does not warrant interference in the internal affairs of member states.

36. The inviolability of frontiers is a cornerstone of our European policy, but we are working for the dismantling of economic frontiers. Without reassessing our system of economic relations, we have no hope of catching up with the mainstream of world development. We regard the creation of a just international economic order as desirable. We are striving to end every aspect of Hungary's disadvantageous economic dependence, and to develop mutually advantageous political and economic relations.

37. The MSZMP desires a peaceful, cooperative, and gradually integrating Europe. Hungary's development depends primarily on Europe's future. The security of our continent cannot be based on military means, only on political, economic, and cultural cooperation, on direct relations between people, and on trust. The MSZMP proposes that our country continue to participate, commensurate with its ability, in bringing the Helsinki process to its full realization.

38. Our basic principle is that no Hungarian military force may be deployed on foreign soil without the consent of the National Assembly. The MSZMP supports the idea of withdrawing all foreign troops from European countries and, as a part of the disarmament process, the Soviet troops stationed in our country.

The populations of our country and neighboring countries have learned, at the cost of heavy losses, that they can only be history's losers when they turn against one another. Therefore our party sincerely desires cooperation, and the improvement and intensification of relations, among the Danubian countries. It is convinced that opening up, rather than changing, the frontiers in our area will serve the real interests of the people living here.

39. The MSZMP has a duty to speak out for human rights, for the equality of minorities, and for the full assertion of these rights in Hungary and elsewhere. The party most definitely protests against the violation of the

rights of national minorities and their forced assimilation. It considers it desirable that the minority in Transylvania be granted at least cultural autonomy, and the freedom to maintain contacts with the mother country.

In the process of Hungarian society's democratic renewal we are counting on the active support of the Hungarian diaspora throughout the world. We intend to promote the further improvement of its ties with the mother country.

40. At home as well as internationally, the MSZMP is striving to dismantle the barriers separating the various leftist trends. It is ready and willing to cooperate, on the basis of equality and free of ideological restrictions, with the Socialists, the Social Democrats, the Christian Democrats and radical leftist orientations, as well as with the new youth, peace, and women's movements. The party's particular interest in the Social Democrats' experience is fueled not only by the two parties' common traditions, but also by the fact that in many countries the Social Democrats have achieved significant improvements in the workers' living standards.

The MSZMP intends to base its international relations with foreign parties on the principles of full independence and equality, noninterference in the affairs of other parties, complete abstention from forcing "models" on others, and each participant's complete freedom of thought and action. It also seeks areas of cooperation with the bourgeois political forces. It holds in great esteem the efforts that the bourgeois progressives, inspired by their humanist and pacifist principles, have exerted for peace, democracy, and economic relations based on equality, and is willing to espouse some of their values.

We are convinced that human society is developing in the direction of self-governing collectives, toward democratic socialism that will eventually serve the freedom and prosperity of all mankind, of every people and nation. To that end our party has undertaken its self-critical analysis of the past; for the present it has also produced its program, offering a blueprint for overcoming the crisis and a more distinct outline of a happier future.

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[Text] The crisis, which spans practically every area of society's life in Hungary, reflects the worldwide bankruptcy of a particular class rule, a particular attempt at modernization, and a particular empire logic—the failure of Soviet-type state socialism. We Social Democrats want to build a new Hungary that is truly a part of Europe; of the very Europe which, in the course of its evolution, has been able to amalgamate an efficient economy and human dignity, competition and solidarity, and freedom and equality. Our role models are neighboring Austria, more distant Sweden, and—in terms of the pace, directions, and effectiveness of linking up with Europe—Spain. These are countries whose societies and economies are being shaped definitely by our fraternal social democratic parties and their allies, especially the free and democratic trade unions.

We Social Democrats want to make Hungary truly European, on the model of these competitive economies and welfare societies, while preserving our most noble historical and national traditions. We know that this cannot succeed without hard work, sacrifices, conflicts, and difficulties. It is easy to make promises, especially in the present state of transition. But we do not want to make any promises that we would be unable to fulfill.

Our Values and Principles

To approximate the Austrian or the Swedish model, we need two things in equal measures: on the one hand, a resolute stand on the part of Hungary's voters, their ability to manage and tolerate the conflicts that accompany a change of the economic, social, and political system, a democratic basic consensus; and on the other hand, favorable development of the international situation and external economic conditions, including the cooperation of the industrialized democracies.

A peaceful transition and the construction of a new Hungary raise numerous questions that are immensely complicated, and a host of experts have to work on formulating and answering the questions themselves. On this occasion we wish to outline to Hungarian society our principles, values, and vision of the future.

We wish to proceed toward a collective society of free and equal citizens, a society in which political and economic privileges cease, where there are no privileged classes, where an efficient economy provides for the general welfare, where democracy becomes consummate, and where everyone has an equal right to make decisions regarding his life and work.

We are the party of social democracy, and of socialism that upholds the principle of freedom. There can be no socialism without freedom. Socialism can be achieved only through democracy, and only socialism can make democracy complete. Socialism that upholds the principle of freedom is a continuous process, movement and progress toward values defined as moral precepts. In our basic values we amalgamate liberal—bourgeois—

traditions and the traditions of the socialist labor movement. These basic values are freedom, justice, and solidarity. European humanism, the Enlightenment, Christian ethics, Marxian social analysis, and classical philosophy were the culture medium for the growth of socialism that upholds the principle of freedom.

The Social Democrats do not wish to preach world redeeming ultimate truths. The Social Democratic Party does not espouse any world outlook. It regards ideology and faith as every person's private affair. The Social Democrats started out from various directions and different intellectual worlds to arrive at their common social values and political objectives. Respect for human dignity, tolerance, and acceptance of diversity are natural elements of the social democratic political culture.

Specifically for that reason, social democracy regards pluralism as a value, both within its own ranks and in society. In a democracy there can be no politics without debate. For the Social Democrats, however, the values and objectives toward which they are striving must be given in the debate's manner and form.

Without a basic consensus, debate becomes an intellectual civil war. The Social Democrats are striving to achieve a basic consensus in the spirit of human rights and pluralistic democracy. Hungary's Social Democrats regard the strengthening of democratic political culture as the most important prerequisite for a peaceful transition, national solidarity, and social tranquility.

Social Democracy and Communism

Through social solidarity's system of institutions, the Social Democrats want to establish a link between freedom and self-determination on the one hand, and equality and justice on the other hand. There are both material and social conditions for human freedom. Freedom includes also freedom from want, fear, ignorance, tutelage, and exploitation. Only people who are equals—politically, economically, and in terms of social culture—can be free.

The Social Democrats advocate unrestricted enjoyment of human rights. They reject dictatorship by a minority, the same way a majority attempts to suppress its minorities by force. They equally oppose any fascist, right-wing conservative, or communist dictatorship.

Hungary's Social Democrats were always against the pre-1945 right-wing authoritarian systems and regimes. Amidst the semifeudal and semicapitalist conditions, they always safeguarded the workers' interests and supported the cause of European progress. After the war, Hungary's Social Democrats were preparing for a life in which the possibility of oppressing and exploiting individuals and groups would cease. But communist dictatorship, which claimed to be socialism, persecuted and banned our party; by suppressing any free expression of opinion and introducing a one-party system, it deprived the citizen of his rights and demanded blind obedience of everyone. It established a new class rule, under which

the privileged party bureaucracy served foreign interests and compelled or bribed the burden-bearing countries' consent. This party bureaucracy plunged our country into an economic and moral crisis.

Now we are able to witness, day by day, the failure of the communist experiment. The routine dysfunctioning of the domestic economy and politics, everywhere from Pyongyang through East Berlin to Havana and from the Baltics through the Balkans to Ethiopia, shows that communism cannot be reformed. There is more and more talk within the ruling communist parties about a synthesis of communism and social democracy, about communism's social democratization.

Our principled position is unambiguously clear. Communism emerged against social democracy. For decades the communists regarded the social democrats as their principal enemy, and dealt with them accordingly. It is morally and ideologically intolerable and outrageous that the party which liquidated social democracy, or the successor of that party, is now attempting to assume the role of social democracy's heir.

Today the Hungarian Communist Party is undergoing a crisis. It is disintegrating and splitting up into several parts. Some Communists would like to resort to arms; others are striving to salvage their positions and power; yet others are sincerely trying to break away from their party's and their own past. We are the enemies of communism patterned on the bolshevik model. But primitive anti-communism is not a trait peculiar to Social Democrats. With the "reform Communists" and former Communists we will develop a differentiated relationship, free of prejudice.

Our Place in the World and Peace Philosophy

We Social Democrats see the path toward the Hungarian nation's rise, out of the crisis and developmental dead end, in our country's linkup with Europe, in its reintegration into the mainstream of European economic, social, and cultural development.

We regard the evolution of a sound society in which the equitable distribution of material and intellectual wealth is realized, on the basis of an efficient commodity producing economy, as a historical achievement of European social development. As an outgrowth of the labor movement, social democracy has contributed the most toward the creation of a welfare state that is an integral part of being European.

We are advocating a stable European peace arrangement that will lead to the dismantling of military blocs. By making maximum use of our country's geopolitical possibilities, and in accordance with our national interests, we also want our country to become a bridge between the Western democracies and the Eastern and Central European countries that are to be reformed. We will also strive to gain Hungary's earliest possible admission to the European Community as an associate member, in accordance with our special situation.

Driven into bankruptcy by the voluntaristic social policy of the Stalinist and post-Stalinist periods, our economy can be modernized and restored to equilibrium only with the cooperation of the industrialized democracies. We are relying on the solidarity of the international social democratic movement, and of other democratic forces, to help us pursue an economic and social policy that conforms to the vital interests of the wage earning and propertyless majority within our population, against the antisocial dictates of certain Western capital markets and financial centers.

Our social democratic peace philosophy is very practical indeed: Peace is not everything, but everything becomes nothing without peace. Our traditional basic values—freedom, justice, and solidarity—can be realized only if we avert the threat of mankind's self-destruction: war and the environment's devastation. But peace is more than just the dying down of gunfire and the silence of weapons. Peace is life without tyranny and oppression for the peoples of the world, and their cooperation extending equally to human rights, environmental protection, culture, and the economy. We want a drastic reduction in conventional and nuclear weapons. The expenditures saved in this manner must be reallocated to social modernization and better welfare. Instead of the doctrine of nuclear deterrence, we support the principle of a security partnership. There is cause for optimism regarding the future, in that the world has come closer to accepting Gorbachev's concept of mutual security demands that each side recognize the other's right to exist and capability to maintain peace.

As citizens of a Central European country, Hungary's Social Democrats want a European integration and European peace arrangement that are able to check, through regional cooperation, the superpowers' hegemony aspirations. We see neutrality in Hungary's not-too-distant future. At the same time, however, we make the process leading to this neutrality contingent upon the considerations of a European peace arrangement, and of global and regional stability.

As a member nation of the Warsaw Pact, in the coming transitional period we will want to exert influence in favor of a defensive military posture, and generally in the direction of demilitarization. We will oppose the supporters and remnants of the so-called Brezhnev doctrine, and will demand guarantees against abuses of military might to interfere in the domestic affairs of other countries.

We regard education for peace as essential. Also within individual societies, including Hungarian society, the social democrats are always for tolerance, the acceptance of diversity, and the protection of minority rights. The fostering of a democratic political culture, and within this the overcoming of national and racial prejudices, is of key importance not only for the prospects of peace, but from the viewpoint of Hungary's social development as well. We want global peace on earth, and a peaceful transition to a pluralistic democracy at home.

An Efficient Market Economy Serving Man

The purpose of the economy is to serve man. Only an economy coordinated by the market can make efficient production possible in modern society. The functioning of the market economy according to its own laws is a prerequisite for civil society's spontaneous organization, and for curbing the state's preponderant role, bureaucracy, and ideology-based control.

Socialism that upholds the principle of freedom accepts the economy's integration through the market and money, but is opposed to making them society's only organizing principles. Our country's history during the past 40 years has demonstrated how catastrophic the consequences of subjecting society and the economy to political tyranny are. But social democracy also deems it necessary to prevent the economy's concentrated power from changing into society's domination. Our common policy calls for the performance principle and competition in the economy, and for justice and solidarity in society.

A reform of property relations is the key task in developing democratic socialism in Hungary. We must start out with an overnationalized economy and a politicized society, where the accountability of the decisionmaker and owner is lost. We need responsible property relations and actual economic players, within the framework of a mixed, multisectoral economy. We reject both excessive reprivatization and the preponderance of state ownership. What we need is real socialization of ownership, which also means a very significant proportion of privatization. Between what appear to be respectively the necessary proportion of state ownership and the expedient proportion of domestic and foreign private capital, a variegated spectrum of forms of ownership may develop, from family businesses through self-managing cooperatives to personal and collective employee funds and equity participation; the individual forms of ownership, of course, will be interchangeable.

The legislature and the economy's and social democracy's systems of institutions will have to ensure that property functions to society's advantage. Strong and independent trade unions, the institutions of worker participation, and a state capable of taking action must exercise democratic control over economic power.

Because competition in the marketplace acts against the concentration of economic power in a few hands, the legislature must ensure by law that competition remains fair. With the instruments of economic policy, an active government functioning under democratic oversight and capable of taking action must define the framework within which the market is to function, determine the conditions of the changeover to a market economy, and set the most important objectives for the economy's modernization.

Modernization cannot be imagined without a performance- and profit-oriented entrepreneurial elite. It is natural for entrepreneurs and managers to stress profit,

at the expense of the employees' interests or social equity. Independent and strong unions will be necessary to resolve the unavoidable conflicts. This does not contradict the pluralism that is unfolding within the trade union movement. After all, the unions' action unity can be achieved even under these conditions.

An Active Labor Market, Responsible Wage Policy

Together with the trade unions, the Social Democrats definitely oppose both the salvaging of political privileges by transforming them into economic power, and the conversion of economic positions into privileges of social influence and political power. We want worker and trade union participation at the workplace, in the production process; at the plant level, on the large enterprise's board of supervision; and in the social partnership's branch and national economic systems of institutions.

Representing the interests of society as a whole, social democracy gives preference to modernization and structural change, supplemented by social policy and an active labor market policy. Hence it follows that on specific issues the party and the trade unions may naturally differ, in spite of their strategic alliance.

A prerequisite for the country's economic and social rise is the introduction of modern technologies in more and more areas. When striving to narrow the technological gap, it is necessary to take into consideration the industrialized countries' experience. Technological innovation is a matter of survival, but technology itself is not neutral in terms of its social impact. There are socially repressive technologies that narrow man's abilities, and there are environmentally harmful technologies. But there are also technologies that reinforce individual and collective autonomy and creativity, and technologies that are environment-friendly. In the policy on technology, ability to compete in the world market and the selection of technologies on the basis of social values are both considerations.

Aspiration to achieve full employment is a key element of social democratic social policy. The economy's restructuring, which has been delayed up to now, not only requires manpower mobility but, inevitably, also causes unemployment. The Social Democrats want to minimize society's sacrifices in the course of the changeover to a new economic structure. The labor market is a special market, because its actors are people. The government and the local council organs must intervene in the labor market's processes. We advocate an active labor market policy that includes the establishment of a national system of retraining and education, as well as housing mobility and the easing of the conditions for obtaining housing.

Permanent large-scale unemployment is not only unacceptable, but unwarranted as well. We are living in an economy of scarcity, in which personal and public demand remains unsatisfied on a large scale in consumer demand for goods and services, demand for health care

and nursing, and infrastructural and environmental demand. If the present policy continues, a third of the population will soon sink to the poverty level. In the wake of inflation that is becoming chronic, investment and personal consumption are being cut back simultaneously. All this leads to a decline in production and to a worsening of the employment situation, even in sectors for whose output there is effective demand. For this we need a socially responsible income policy, one that generates effective demand and prevents the population's ever-worsening material, biological, demographic, cultural, and moral pauperization. The present policy of austerity, the spiral of cuts, not only renders normal existence impossible, but also undermines the foundations of long-term modernization.

The Social Democrats are urging a collective wage policy. Negotiations between the independent trade unions on the one hand, and the employers and the state on the other, should produce a wage contract that ensures the principle of equal pay for equal work, regardless of enterprise profitability, thereby forcing structural change and selection.

The environmentally harmful and irrational investment projects that are being continued for reasons of prestige are jeopardizing the coming generations' natural means of existence. The Social Democrats regard ecology not as a luxury, but as one of the decisive considerations in judging social and economic rationality.

The mistaken economic policy of the past 15 years has not only led to a scandalous growth of our foreign indebtedness, but has led our country into a virtual trap by neglecting structural change. Indeed, we are able to service our debt only by obtaining additional loans, and by drastically cutting back investment and personal consumption.... Unless we break this vicious circle, the crisis will become chronic and modernization will remain merely a dream. In the Social Democrats' opinion, the first task of the legitimate government that comes to power by democratic means must be to initiate international talks in the interest of reducing our debt burden and easing our obligations.

The processes in production and the economy are becoming irresistibly international, and a country with resources such as Hungary's is able to modernize only by participating organically in the international division of labor. We have no choice but to adjust to the world market's ever-stricter system of requirements and to restructure our economy accordingly. The establishment has postponed to this day a definite change of direction, and the inevitable adjustment will be a process that exacts sacrifices.

For this very reason, social democracy finds both the dictatorially centralized political control of the modernization process, and the linking of structural change to a social policy that makes for generally precarious existence and leads to pauperization, to be unacceptable. On the contrary, we will be able to overcome our economic

difficulties only by perfecting democracy and by putting in place an institutionalized safety net, the welfare hinterland of linking up with the world economy.

Drawing closer to the European Community, or joining it, can help us to enforce jointly the requirements of democratization, modernization, and social security.

Collective Society, Welfare State

Hungary's Social Democrats are fighting for a collective society of free and equal citizens; a society founded on the basic values of socialism that upholds the principle of freedom, on the individual's more and more complete self-fulfillment, on the development of his abilities, on a mixed market economy, on the state's social responsibility, on equal opportunity for citizens and their groups, on competition among the actors in politics and the economy, on ending privileges and leveling social differences, on a public consensus underpinned by universal social security, on fostering the values of our national and world cultures, on securing the rights of cultural, ethnic, and religious minorities, and on the diversity of lifestyles.

The market economy and nonmarket social policy complement and reinforce each other in social democracy's concept of society and in its practice. To us man is not a commodity, and the satisfaction of basic personal and social needs is not simply a question of market distribution. Stability of the economy and society can be ensured when, in the noneconomic sphere, welfare redistribution governed by the principles of social solidarity counterbalances the market selection essential to efficiency. Every person must be provided a secure livelihood and social security, not on the basis of petitions and humiliating applications but as a civic entitlement, in every stage of life and every life situation. The right to decent housing, personal income, truly free health care, welfare assistance, and public education must be recognized.

When either social contradictions or personal reversals of fortune drive individuals or groups to the fringe of society, social entitlements and services must help them become capable of helping themselves. We cannot be indifferent to the precarious existence of young people, large families, and the elderly, nor to our society's deteriorating state of health and demographic situation.

Social democracy advocates a system of education and culture that offers equal opportunities, ensures the individual's and society's advancement, is separate from the market sphere, and whose services may be claimed as a civic entitlement; at the same time, it also wants to restore the prestige of intellectual work, self-education, and teaching as a profession.

Through taxes, inflation, and underpayment, the state budget centralizes income from citizens on a scale such that they do not increase their performance, in spite of their worsening living conditions. Tax revenues are being spent wastefully, without public oversight. The establishment is mouthing stock phrases about the state's

withdrawal, but the only thing evident from this so far is that the tax-collecting state is welching on its fundamental social obligations. The Social Democrats want an equitable and clearly understandable tax system that finances in a controllable manner the needs that society articulates democratically.

A welfare state of the Scandinavian type is yet a long way off. The coming years will be years of transition requiring sacrifices. But the Social Democrats perceive the transformation in combination with the assertion of social equity.

Program for Peaceful Transition

The failure and comprehensive crisis of the communist-type system of state socialism raise the following possibilities: a Stalinist reversion, partial correction, or radical change. The Social Democrats want this last possibility, a system change, and not merely a model change that more or less modifies the given system. This is not an abstract, ideologized choice between "socialism" and "capitalism." What developed under the name of "really existing socialism" cannot even be called a distorted version of socialism. It was viewed as a revolutionary road to modernization but turned out to be a dead end by becoming an authoritarian system.

Our party, too, advocates the Europeanization of Hungary, with due consideration for our specific historical conditions. Our saying yes to a system change and striving to achieve it—the new system is to include human rights, a state governed by law, a parliamentary system of government, and a market economy—unambiguously designates our place among the opposition parties in the present situation.

At the same time, the following features distinguish us from the opposition's other forces: (1) The primacy of modern European thinking regarding society, and of moral norms. (2) We perceive democracy as social democracy and equate social entitlements with civil rights; accordingly, we demand that the state assume responsibility for social security and welfare, and that it redistribute income to finance them. (This sets us apart from the ultraliberalism that has prevailed lately within the Alliance of Free Democrats; from the advocates of the Conservative Liberal approach; and from the technocratic, managerial, elitist, Social Darwinist aspirations that underrate social problems.) (3) We intend to achieve the radical change through reforms, with a policy that is deliberate, consistent, takes the external and domestic realities into account, and is willing to make sensible compromises, while striving for a social partnership, a basic national consensus.

To us, then, the content of the system change reads as follows: within an economic and political system of the Western European type, but adapted to Hungary's specific peculiarities, a mixed economy and welfare state model founded on the principles embodied in the program and practice that the social democratic parties

developed for the 1960's, and the application of this program and practice to the new realities of the 1990's.

Because today in Hungary it is necessary to create a market economy and develop civil society (these are concomitants of the process of bourgeois civilization in the classical sense), and in order to make feasible the simultaneous and subsequent "social democratization" of the market economy and society, our basic demands are compatible with important elements of the Liberals' conceptions, and are extremely close to the views of the Social Liberals.

We will also be able to cooperate with the nonnationalist groups of the populist orientation, mainly with respect to the principles of self-management and social policy. But we must decisively oppose all manifestations of arousing public opinion against the minorities (anti-Semitism, hatred for Gypsies), of xenophobia, and of national arrogance toward other peoples. It must be made obvious that the Social Democrats are the party of the nation, of the Hungarian people, but we reject nationalism and chauvinism.

To formulate social democracy's domestic policies, we have to clarify whose party we are, which are the social groups and strata whose interests and aspirations we intend to represent, and on which side of the arising social conflicts we will stand.

A Leftist People's Party

In the basic conflict between the Stalinist and post-Stalinist establishment and democracy, our alignment is unambiguously clear. We must reject any overt or covert attempt to salvage dictatorial exercise of power. At the same time, we are a party that advocates a peaceful transition and social tranquility. In other words, we want a system change such that anyone not guilty of a crime will be able either to participate in the functioning of the new, democratic society and work in it in accordance with his abilities; or to retire, without retribution. In this sense we are urging the reorganization of the instruments of oppression and other organizations in the present system of institutions (the disarming of the Workers Guard; the freeing of the Ministry of Interior, the Ministry of Defense, the courts, etc. from party control; the MSZMP's withdrawal from the workplace, and the pluralization of foreign affairs and diplomacy.) The physical plant and equipment, and the infrastructure for the multiparty system must be provided by nationalizing the MSZMP's assets.

The Social Democrats are a leftist people's party, but the various social groups' contrasting interests cannot be papered over and lumped together. Just as the social democrats of Western Europe have never denied the contradiction between capital and labor, and on whose behalf they are acting, we too must identify ourselves as the party of labor, of employees, i.e., of the majority who do not own private property. At the same time, however, we recognize the right of free enterprise, the right to own property, and income commensurate with performance

and risk involved. Indeed, we welcome in our ranks, or among our constituents, entrepreneurs and managers of small and medium-sized firms. Social democracy recognizes the need for a new entrepreneurial elite, but does not wish to become the party of that elite, only its critical partner, and on many issues—in the spirit of social equilibrium and social equity—a counterbalance to those who wield economic power. Social democracy recognizes the considerations of efficiency and the performance principle. However, in the interest of social and economic equilibrium, it strives for democratic oversight of the economy, at the enterprise level (joint decisions, jointly devised articles of incorporation, employee share ownership) and also at the sectoral and national levels (trade union pluralism, institutionalization of a regular social partnership). Social democracy wants a climate friendly to business, supports the establishment of small and medium privately owned plants, and regards trade unions as its most natural allies.

In its policy on trade unions, our party attaches equal importance to the following: moral and political support of independent trade unions; support of positive transformation processes within the traditional trade unions; and the establishment of workers' councils and other forms of safeguarding employee interests. It recognizes the employee organizations' interest representing and political autonomy, but strives to have as many Social Democrats as possible playing an active role in the trade unions.

The Social Democrats are the party of state guaranteed redistributive social policy, and they support the voluntary associations, church and charitable movements, that undertake social policy tasks. But neither these organizations nor the forms of voluntarily purchased commercial insurance coverage can be substitutes for the social policy responsibilities of the state and local administrative agencies (local governments).

In the present transitional situation, the Social Democrats must formulate specific and constructive ideas for social policy. Pressure must be exerted on the leadership to alleviate or solve the most serious problems of young people and the elderly, and of health care in general.

The set of political conditions for a peaceful transition cannot be divorced from the economy's state of threatening collapse, our growing indebtedness, society's increasing pauperization, and implementation of a restrictive economic policy. Left to our own resources, we would be unable to extricate ourselves from the crisis in the 20th century or even later. Even by following the World Bank's recommendations, which dictate one-sidedly the schedule of debt repayment and the domestic political conditions, we are not able to solve our economic problems, because these recommendations are insensitive to the economy's system of social interrelations. Our linkup with Europe and the world market will be an illusion if we do not halt—immediately, one might say—the process of our nation's complete pauperization. Over and above mere demands, responsibility for halting

this process must be shouldered now (jointly with the other parties and organizations) at the level of the government's experts, and new international financial talks must be initiated for the purpose of alleviating our debt burden. In the solution of our economic and financial problems we are relying on the assistance and cooperation of the Socialist International and of the fraternal social democratic parties.

Because a catastrophe could occur even within a month or two, these are tasks whose solution cannot be deferred until a new government is formed after the parliamentary elections that can be scheduled for next year. A national roundtable has to be convened, which our party must attend in its true aspect.

The complexity and seriousness of the domestic political situation do not allow our party to engage in politics amateurishly, in a disorganized manner, by improvisation, and subject to the personal ambitions of certain individuals. Unless the internal situation within the Hungarian Social Democratic Party, its aspect, and the quality of its appearances before the public improve, it will not be able to assert itself politically, and then some other political force might expropriate the social democratic role.

The rules of conduct that democratic political culture dictates must also be observed within the party. A balance must be struck between expert knowledge and a desire to appear before the public, even when the media and openness do not encourage such a balance.

Popular Front Dialog

The extremely contradictory and fluid momentary situation may be characterized as follows: The crisis within the MSZMP has shifted into that party's accelerating disintegration. The population is split in two. By casting its protest vote, the politically active part agrees in the negative objective of driving the MSZMP out completely. The other part was formerly called "the silent majority; now, as its everyday problems intensify, it is less and less silent; but it still does not engage in politics in the traditional sense, or is fed up with politics (including opposition politics). A balance of power appears to be taking shape that favors mostly the election of a legislature that will have a right-wing (nationalist, conservative, and ultraliberal) majority.

How should we react to the MSZMP's disintegration, and to the possible formation of a successor party led by Pozsgay, Nyers, Horn, and Szuros?

We are best able to make use of the MSZMP's current program declaration that is ambiguous but has shifted in the direction of reform. Indeed, it is very easy to refute the lumping together of communist and social democratic values. The roots of Stalinism and post-Stalinism can already be found in Lenin, and social democracy is the only truly leftist alternative to communism's Marxism-Leninism. And we will welcome in our ranks those who come to this realization. (Of course, our ranks will

have to be more orderly, and our aspect clearer and more appealing.) A socialist successor party to the MSZMP could simultaneously be our competitor and our partner (assuming that it rids itself of its bolshevik-Leninist heritage).

Among the forces of the opposition, a competition over who is the more radical is now taking place. The Social Democrats are willing to assume the role of the center-left reformist force that is capable of negotiating with the sensible, willing-to-compromise realpolitiker among the Social Liberals, former Communists and reform Communists; of acting as mediator on domestic and foreign policy; and of leading the transition to the new system.

A nationalist social Darwinist shift to the right is a more serious threat today than is a Stalinist reversion. This raises the need for a Popular Front dialog, independently for the time being of any talks on forming a coalition. The moderate realpolitiker forces of the Alliance of Free Democrats, the Hungarian Democratic Forum, and the populist orientations, the bulk of the reformist camp in the party succeeding the MSZMP, as well as many non-party organizations, would all be partners in this dialog.

Szuros on Dual Citizenship for Ethnic Hungarian Refugees

*25000459 Budapest ESTI HIRLAP in Hungarian
2 Sep 89 pp 1, 4*

[Interview with Matyas Szuros, president of the National Assembly, by Zsuzsa Bihari on 2 September 1989 at the Attila Jozsef University School of Liberal Arts: "The Intensity of National Solidarity Has Declined;" interview preceded the National Conference of the Representatives of Transylvanian Associations, held in Szeged on 2-3 September 1989]

[Text] Representatives of all Transylvanian circles and associations in Hungary have been invited to a 2-day conference that is to open in Szeged today. Delegates of those who are the most directly affected will be discussing the Transylvanian refugees' adjustment, spontaneous organization, possibilities for the representation of their interests and assertion of their rights, and practical tasks—with, among others, specialists of the National Interdepartmental Committee on Refugees, church officials, and staff members of several newspapers and publishing houses who are well versed in the topics to be discussed at the conference.

In the largest auditorium of Attila Jozsef University's School of Liberal Arts, the conferees will hear the opening address by Matyas Szuros, the National Assembly's president. (On page 4 of this issue, we are publishing an interview with Matyas Szuros.)

Two years ago, they were still being returned by force across the border. Later, the infiltration into the country of those who managed to cross the hazardous border zone was viewed passively. The Hungarian authorities

have been trying for 1.5 years to face the problems of the refugees fleeing from Transylvania, Romania. An inventory will be prepared at the national conference that the Szeged Transylvanian Circle convened for today, to include the specific measures adopted so far in the delicate situation, and the foreign policy and domestic political measures that the government is contemplating to normalize the situation of the refugees, whose ranks have now swollen to more than 18,000. The existence of most refugees is precarious; they are struggling to earn a living in unfamiliar surroundings, and their legal status is still unclarified, which—aside from making their prospects of obtaining residence and employment permits uncertain—affects their future. But all this together makes their situation impossible.

[ESTI HIRLAP] The Hungarian government does not recognize dual citizenship. According to a bilateral agreement that is in force, a refugee from Romania may become a Hungarian citizen only if he has been released from Romanian citizenship. This agreement will expire next February, but notice to terminate it may be served from 10 August on. Is the government striving to get the agreement amended, is it considering serving notice to terminate the agreement, or will it wait for the agreement to run out?

(Matyas Szuros, the National Assembly's president, at first side-stepped the question. But after further urging and with the diplomatic tact refined during his long years of working in foreign affairs, he summed up his own personal opinion as follows:)

[Bihari] It would not be expedient to terminate the agreement by serving notice. If we wait until February, the refugees who fled from Romania to Hungary could automatically gain dual citizenship. Two draft measures—one a law decree on the procedures to be followed in processing applicants for refugee status, the other a government decree on granting refugee status—are expected to go into effect in September. These are intended as temporary measures that will remain in force until a Refugee Law can be enacted in accord with the Geneva Convention on Refugees. Until then the refugees' main disadvantage, in contrast to Hungarian citizens, will be their inability to obtain passports valid for worldwide travel. Dual citizenship offers refugees the very important option of eventually returning to the country of their birth. The legislative bills on emigration and immigration passports, and on amending the Criminal Code and the Code of Criminal Procedure, together with the aforementioned draft measures intended as temporary regulations—all of which Parliament will be considering during its September session—serve to broaden civil rights and reflect the essence of our present policy. We will successively adapt our statutes to our principles and will develop a system of democratic institutions. Freedom to travel and freedom to choose one's place of residence will become civil rights.

[ESTI HIRLAP] The National Assembly has appropriated 300 million forints for the government to aid the

adjustment of refugees. The Settlement Fund is being used for the same purpose. More than 171 million forints were spent in the first half of this year to maintain and aid refugee camps. In view of the fact that 1,600 refugees arrived in our country last month, perhaps more attention should have been devoted to setting up camps for refugees.

[Bihari] Yes, indeed. To my knowledge, the first of the proposed stations for the reception of refugees, the one in Hajduszoboszlo, has already been opened. The establishment and expansion of such stations is primarily a question of available resources. Be that as it may, we should be long past the stage of planning and deliberation. For the refugees, the station is the first fixed point. It is where their life in Hungary can begin and where they can find their bearings.

[ESTI HIRLAP] Evidently the government is expecting aid for that purpose from the Office of the United Nations High Commissioner for Refugees.

[Bihari] The government's expectations are fully warranted, in view of the constant increase in the already high number of refugees, and of our accession to the Geneva Convention on Refugees. Under these conditions, it is quite natural to expect aid.

[ESTI HIRLAP] The more so because a large proportion of the Transylvanian refugees seeking asylum in Western Europe are being sent back to Hungary. On the basis of what considerations, by what right, is this being done?

[Bihari] Saturated with the flood of refugees, the countries of Western Europe are saying that Hungary must provide refuge and livelihood for the ethnic Hungarians fleeing from Transylvania. The Hungarian political system must assume responsibility for the ethnic Hungarians arriving from abroad, as well as for the ones living there. Because, historically and in a cultural sense, they too are an integral part of the Hungarian people. I fully agree with this viewpoint.

[ESTI HIRLAP] It is a pity that the antipathy of a proportion of our domestic population is rendering the refugees' adjustment more difficult.

[Bihari] That is a distressing fact. The intensity of national solidarity seems to be declining as the number of refugees rises. And not just because of the hopeless housing situation, the problems of providing employment, and the difficulties of making ends meet are generating social tensions. The antipathy felt by a proportion of our population probably stems from shortcomings in teaching history. In the past we de-emphasized the national element, the development of national identity, and national awareness. We now feel the lack of this and need much greater solidarity than what public opinion reflects. We must join forces to let the Romanian population hear about our good intentions. It should not be receiving only screened, one-sided, anti-Hungarian, distorted news reports. I have emphasized time and again that our problems have

arisen with official Romanian policies, not with the Romanian people. We would like to see the Hungarians living in Transylvania asserting their human and minority rights in the country of their birth. For them it is necessary to create conditions enabling them to continue living there. And while we strive to improve the situation of the refugees, we must also provide for them the possibility of returning to their homeland. They have to live and prosper where they were born.

More on MSZMP 'NEXT 2000' Enterprise

Opposition Criticism

25000442 Budapest NEPSZABADSAG in Hungarian
1 Sep 89 p 5

[Article by "L. Zs.": "NEXT 2000 Has Become a National Affair"]

[Text] At a press conference held in the editorial offices of the periodical BESZELO at mid-morning yesterday [31 Aug], Gabor Demszky, Alliance of Free Democrats [SZDSZ] council member, speaking for his organization told reporters that in addition to new facts that have emerged regarding the NEXT 2000 venture, representatives of the Independent Lawyer's Forum have agreed to present a report concerning the exact legal situation of the NEXT 2000 limited liability corporation [Kft].

Following his opening remarks Demszky stated the SZDSZ position:

"The Hungarian Socialist Workers Party [MSZMP] attempt to salvage party property continues. The ruling party did not surrender its intent to transfer its vacation resorts to NEXT 2000 Kft., but now it intends to transfer only the party's management rights. This was revealed in MSZMP Central Committee [CC] Deputy Director Gabor Hovan's statement to NEPSZABADSAG and to television news on 28 August. The same is revealed by proceedings in progress at local and municipal councils.

"MSZMP business managers have started a business venture with the knowledge of the MSZMP presidium, which continually seeks legal possibilities for the venture to be realized. The attempted transfer of property related to NEXT 2000 has failed at the Budapest Court acting as the Court of Registry. A request to increase the founding capital, attached subsequently to the original application for registration—a clever legal trick—was rejected by the Court of Registry. (Decree No 29 c. 62.481 dated 14 Jul 1989.) At present the MSZMP is attempting to transfer management rights. The MSZMP disregards the amendments to the land law which went into effect on 1 July. These amendments declare real estate owned by the state to be protected, and excludes the possibility of transferring even management rights. (Law No 21 of 1989.)

"Meanwhile, according to information received from the SZDSZ group operating in Somogy County, the MSZMP has applied for permits to put its resort facilities to use as part of the catering industry. These applications were

submitted to the Balatonfoldvar and Siofok city councils. At Kaposvar, the county council discussed the related political objections on 29 August. Thus, by virtue of its nature, NEXT 2000 is becoming a national issue.

"As Hovan explained in the 28 August issue of NEPSZABADSAG, they intend to establish 'a real entrepreneurial venture ... with a diversified profile ranging from commercial catering to computer services.' The establishment of a firm of this large scope involves a series of preliminary business agreements and market research. These preparatory activities have not ceased as a result of the Court of Registry's rejection. And the announcement concerning the transfer of that particular management right is nothing but an attempt which can be explained by the internal dynamics of the matter. The MSZMP is running after its money, its experts have done wrong, and now the MSZMP is seeking new ways to render the transaction legal. (It is conceivable, for instance, that the resort facilities will appear as part of the capital contribution to another limited liability corporation established, perhaps, in the countryside.)

"The SZDSZ demands the immediate cessation of this politically mistaken enterprise. It is morally objectionable because these properties were acquired earlier by expropriation, and because the enterprise is based on the calculated frustration of laws. The MSZMP should issue a statement declaring its surrender of the transfer of real properties, of the transfer of management rights, and of utilizing these resort facilities as hotels. The statement should also contain a mandatory general declaration applicable to local party organizations, that until such time that the results of the next elections are proclaimed, the MSZMP and its possible successor parties will preserve its property in its present form and composition. If the MSZMP continues to insist on having a NEXT 2000 Kft., our party will request the group of independent representatives in the National Assembly to propose at the next session of the National Assembly to sequester the MSZMP assets. In the meantime, we call the legal community's attention to further attempts related to NEXT 2000, and to local NEXT 2000 affairs in progress.

"Precisely because of its leadership position, the ruling party has existed and functioned above the law for 4 decades. We can force the MSZMP to respect the law only by enlisting broadly based pressure by society and the cooperation of democratic minded lawyers."

After reporting the SZDSZ position Demszky yielded to representatives of the Independent Lawyers' Forum and to the press. As an "attachment" to the statement, the press received the list, which, among other items, contains 30 pieces of real estate. The capital contribution list rejected by the Court of Registry details chattel and real property to be transferred to ownership and possession of NEXT 2000 Organizing and Management Limited Liability Corporation.

The representative of the Independent Lawyer's Forum expressed his lack of understanding. He could not understand why the deputy director of the MSZMP CC was aggrieved by the fact that the SZDSZ publicized data concerning NEXT 2000 Kft.'s registration at the Court of Registry. After all, registrations at the Court of Registry are accessible to anyone. The public nature of firms represents a risk reduction factor, and forms the basis of market democracy.

Responding to questions raised by journalists the experts expressed their view that the disappearance of the assets could be prevented only by making the NEXT 2000 affair public. Further transactions cannot be prevented. Following the events of recent days it is now the MSZMP's turn to declare its further plans and intentions.

Transfer of Facilities Denied

25000442 Budapest NEPSZABADSAG in Hungarian
1 Sep 89 p 5

[Interview with Gabor Hovan, MSZMP CC Business Division deputy director, by Zsuzsa Lang: "Once Again, There Are No Salvaged Resort Facilities;" date and place not given]

[Text] Having familiarized himself with the text of the SZDSZ news release, on Thursday evening we asked the MSZMP CC deputy division director about his views on the statement.

[NEPSZABADSAG] One could hardly accuse the SZDSZ of flattery, at least not on the basis of what they said about the MSZMP at their Thursday press briefing.

[Hovan] But they still said that they were wrong when they stated on TV news, and for that matter also at Kiralydomb, that the MSZMP is transferring ownership of its real estate to the limited liability corporation. In other words, they misinformed those who were present. The truth is that there are no salvaged resort facilities, and the chairman of the Budapest Court has confirmed that.

[NEPSZABADSAG] The primary charge made by the opposition does not pertain to the establishment of a limited liability corporation, but to the veiling of the establishment of such a corporation from the public.

[Hovan] They mentioned the salvaging of assets, but I still believe that that's not the issue. Our purpose is to set into motion a small part of our assets which are suitable for that purpose. We are talking about 15 percent of the total assets.

[NEPSZABADSAG] It was also stated at the press conference that NEXT 2000 is arguable from the legal standpoint.

[Hovan] This is curious, because the expanded board session of the Independent Lawyer's Forum qualified the establishment of the limited liability corporation as a legally flawless transaction.

[NEPSZABADSAG] The SZDSZ statement amounts to an ultimatum to the MSZMP. It calls upon the MSZMP to cease the continued organization of NEXT 2000 without delay. Are you going to fulfill this demand?

[Hovan] This demand counters market and economic interests. It must be rejected, because if it is not, there will be no one to cover the maintenance expenses of these institutions.

[NEPSZABADSAG] What happens if the opposition recommends to Parliament the sequestering of MSZMP assets?

[Hovan] This step cannot be taken in the framework of a constitutional state. I would not say that each and every paragraph of the law is correct, just as I would not say that this state is a developed constitutional state. Under no circumstances could I perceive the MSZMP assets being sequestered.

[NEPSZABADSAG] At the press conference the SZDSZ could not rule out the possibility that the MSZMP is quietly starting new transactions, newly organized limited liability corporations, in the countryside, while NEXT 2000 has grown into a national affair.

[Hovan] Good ideas do not necessarily have to start in leaders' brains. For this reason I am proud that the first limited liability corporation was not established in Budapest, but in the county of Veszprem, at the initiative of the Veszprem County party committee. That corporation is already functioning; it utilizes the base of the MSZMP's former educational directorate as a hotel, to the benefit of the city. Incidentally, there are similar corporations in a few other counties. There is no other solution.

[NEPSZABADSAG] Did this process begin with NEXT 2000?

[Hovan] During the past 2 years we have endeavored to continuously fill our resort facilities with paying guests. Accordingly, our own people are beginning to learn the catering trade. Foldvar is fully rented, most of Tihany is rented during the summer, and it is fully rented during the winter.

[NEPSZABADSAG] The SZDSZ and the Independent Lawyers' Forum state that the realistic value of the real estate is 30 to 40 times more than its book value.

[Hovan] For many years, no official estimates were made in this country according to book value. The recorded value is illusory in the case of every state organ. One could hardly blame the MSZMP for this.

Sarcastic Letter Broadcast

25000442 Budapest NEPSZABADSAG in Hungarian
1 Sep 89 p 5

[Article by Erzsebet Deri: "Consensus—This Way?"]

[Text] For quite some time we have become accustomed to the fact that harassing (harassed?) voices besiege the listener through the radio waves. Let's regard this as one manifestation of democracy. I believe, however, that the remarks made on yesterday's "Good Morning" show of our national station, Radio Kossuth, should make us think. For the benefit of those unable to follow the logic of these remarks, here is the text of the letter broadcast at prime time:

"Dear Hungarian Socialist-Marxist-Leninist Workers Party and Limited Liability Corporation!

"Let's trade! Okay? Well no, I'm not talking about power, only about the salvaging of assets. I'll make a good offer. Without beating around the bush I will tell you what we, republicans of limited opportunity, roundtable-ists, inventory taking members of the petty bourgeoisie would like to salvage. You need not be frightened, we will talk only about things which seemingly are not that important to you. About simple concepts, worthless intellectual bric-a-brac, some self-serving words. True, thus far we have confronted most of these only in your parlance. Nevertheless, I feel that you find it increasingly difficult to hide behind these ideas. Let's take the concepts which begin with the letters "soci." Wouldn't you know? The word "societas" is the root of these.

"Right there we find the idea of social compassion, i.e. the concept of solidarity. We have practiced that word so often in the columns of your newspapers. How much energy, what cunning it took for you to become able to almost completely eradicate this idea from the people, and to be able to make it an exclusive action slogan for timely politics. How many mental acrobatics had to be performed for people to accept this idea, to believe that they must reach upwards and not sideways if they want to hold hands and cooperate with others. And to make them believe that this was natural. Well, was it worth the effort? Here we have all these people with their hands reaching upwards, and they are not even interested in the leadership. Not to mention constructive work. But we may also mention sociology, the discipline that has caused you nothing but headaches. This is because sociology has not verified any of your thoughts! Get rid of it altogether. I'm not thinking of distributing emigrant passports, the way you used to do. By now that practice is outdated. Simply put, it would be nice if you would stop measuring and interpreting society so much. In any event, you no longer have time for lengthy, tormenting analyses. Precisely for this reason you should leave this task to us; we have put a lot of work into it already. And we have had time to learn to be patient.

"And then we should also discuss social security. You invoked it as a socialist achievement as if social security were not several times better in Western countries. And meanwhile, you had a lot to do maintaining social security disguised in the form of unemployment, diligently conspiring with your own cadres, securely loaded with money. The ones who stole from under you even the beauty queens. Well, was it worth the effort? Wouldn't it be better to leave it to us? To us, familiar with existential insecurity. To us, the experienced unachievers? Would it be possible, please? We will not be ungrateful. We will give you in exchange all the party vacation resorts, including the limited liability corporation. We will surrender these, so help me God!

"But let's not avoid socialism itself! Because it was a nuisance for you to even pronounce this word. That spunky "i" vowel right up front! But no one said a word to the effect that this was not socialism, because by then it made no difference! Some of us would also like to salvage socialism, in a manner in which the word "communitas" can be found."

These lines, of course, cannot reproduce the sarcastic tone of voice and provocative style conveyed by the spoken word. In any event, however, one ponders. What could the goal of the republicans of limited "liability," roundtable-ist, inventory-taking members of the petty bourgeoisie, and of Judit Levai, who apparently conveyed their thoughts, be? To enhance the consensus? To encourage cooperation? To jointly overcome a multitude of concerns, and to keep in mind the national interest?

Hardly. These days we talk so much about the importance of consensus, of the necessity of European culture (being cultured!), of tolerance, and of a peaceful transition, all of which is hardly conceivable through the restlessness conveyed by this writing. It makes one think; while the note-taker gives his advice on who should salvage what, it appears that he would like to salvage intolerance as well as demagogery.

For months now, intense work has been performed at the roundtable negotiations in the interest of accomplishing a peaceful transition to democratic constitutional statehood. This also involves tolerance for each other, including the other party. But who would be bothered by this? It is unlikely that the author of this pamphlet—devoid of logic and with its confused construction—would be bothered. Not to mention the fact that it is not clear who the sender and who the addressee is. Within a few minutes he blames us—but actually whom?—for everything from vacation resorts to beauty queens, from sociology to cunning, from leadership to hands reached upwards, and from the emigrant passport to tormenting analyses.

The function of a note is not to present the several decades of party and movement activities "correctly" and in its fullness. But perhaps one should not come to the cynical view held by the well known American historian Henry Adams. He said that practical politics consist only of the denial of facts.

Capital Contribution List

25000442 Budapest HETI VILAGGAZDASAG in Hungarian 2 Sep 89 p 7

[Article by Gabor Juhasz: "The MSZMP Salvaging Action: ex 2000?"]

[Excerpt] [Passage omitted]

The List

The capital contribution attachment to the petition submitted by NEXT 2000 to increase the capital contains the following:

"Capital Contribution List

"We have transferred to the ownership and possession of NEXT 2000 Organizing and Management Limited Liability Corporation the real property and chattel contained in this note concerning capital contribution:"
Balatonaliga resort; 244,726,793 forints; **Balatonaliga, 59 structures Balatonfoldvar resort**; 176,998,498 forints; **Balatonfoldvar, No 5-7 Somogyi Bela Street, 5 structures Tihany resort**; 144,132,901 forints; **Tihany, No 1 Bathing Establishment, 5 structures Leanyfalu resort**; 27,520,633 forints; **Leanyfalu, No 117 Moricz Zsigmond Street, 5 structures Dobogoko resort**; 99,537,916 forints; **Dobogoko, No 1 Feny Street, 2 structures Dobogoko resort**; 19,424,993 forints; **Dobogoko, No 4 Fo Street, 1 structure Dobogoko resort**; 9,368,279 forints; **Dobogoko, No 4 Fo Street, 1 structure Dobogoko resort**; 181,272 forints; **Dobogoko, No 2 Napsugar Street, 1 structure Romai Part resort**; 104,339,835 forints; **Budapest, No 16 Somogyi M. Street, 2 structures Romai Part resort**; 1,392,201 forints; **Budapest, No 16 Somogyi M. Street, 1 structure Gardony resort**; 5,706,685 forints; **Gardony, No 29 Udulok Street, 3 structures Foreign service resort**; 36,884,503 forints; **Budapest, No 5-7 Munkacs Mihaly Street, 1 structure Guest house**; 7,398,095 forints; **Doboz Guest house**; 7,398,641 forints; **Debrecen, No 15 Kartacs Street Guest house**; 14,105,314 forints; **Noszvaj Guest house**; 8,149,046 forints; **Matrafured, No 53 Udulosor Guest house**; 1,586,553 forints; **Tata, Topart Street Guest house**; 4,793,025 forints; **Karancsbereny Guest house**; 12,289,585 forints; **Nyiregyhaza, Csalokoz Guest house**; 1,486,169 forints; **Velem, No 8 Kossuth Street Educational establishment**; 31,898,505 forints; **Bekescsaba, No 140 Lencsesi Road Educational establishment**; 12,514,091 forints; **Tabanya, No 52 Schonherz Z. Street Educational establishment**; 22,643,971 forints; **Budapest, No 96-98 Amerikai Road Educational establishment**; 11,474,785 forints; **Nyiregyhaza, No 2 Sostoi Street Educational establishment**; 1,904,770 forints; **Budapest No 10 Abonyi Road Workshop, garage**; 2,054,680 forints; **Bekescsaba, No 11-17 Szabadsag Square Workshop, garage**; 3,071,744 forints; **Tabanya, No 6 Felszabadulas Square Workshop, garage**; 1,636,386 forints; **Kaposvar, No 14 Lenin Street Workshop, garage**; 414,795 forints; **Szombathely, No 9 Vorosmarty Street Nograd Trade Center, Nograd County county committee**

headquarters; 42,325,336 forints; **Salgotarjan, No 8 Kossuth Street Computers**; 105,000,000 forints

TOTAL; 1,162,370,000 forints

Budapest, 28 June 1989

[Signed] Laszlo Fodor, auditor; Dr Janos Jarai, manager; [illegible signature], founding member.

[Stamp] Hungarian Socialist Workers Party, Central Committee, Business Division

Leanyfalu Petition

25000442 Budapest NEPSZABADSAG in Hungarian 9 Sep 89 p 10

[Text] NEXT 2000 has petitioned the Leanyfalu council to transfer user rights to the Leanyfalu party resort facility, which is owned by the state and managed by the MSZMP CC. In order to reach an appropriate decision the council requested the Ministry of the Interior to provide an advisory opinion.

Managing Director Interviewed

25000442 Budapest NEPSZAVA in Hungarian 12 Sep 89 p 5

[MTI Interview with Dr Janos Jarai, head of business management, MSZMP Borsod County Committee: "The Managing Director on NEXT 2000 Kft.," date and place not given]

[Text] Recently the NEXT 2000 Kft., established by the MSZMP CC and registered by the Budapest Court, Court of Registry on 9 August, has come under the crossfire of the press. The limited liability corporation was established with 2.9 million forints of capital (of which 1 million forints was contributed in cash, and 1.9 million forints in material goods). Janos Jarai, head of the Borsod County party committee business management division, and managing director of NEXT 2000 Kft., answered the MTI reporter's questions.

[MTI] Who asked you to become the managing director?

[Jarai] The limited liability corporation's founding representative, the head of the MSZMP CC business management division.

[MTI] Is it true that the MSZMP intends to place public property into private ownership?

[Jarai] That is out of question. Party real estate will remain state property, and the MSZMP CC will continue to retain management rights while it transfers user rights

to the limited liability corporation. We plan to discontinue state budgetary support by the end of 1990 as a result of our management—funds required for purposes of recreation and catering. In subsequent years we intend to make a modest profit.

[MTI] Would this mean that everyone could relax in what have heretofore been MSZMP luxury recreation facilities say, in Balatonaliga or in Foldvar? In other words, would a foreigner or a Hungarian citizen who is not a member of the party pay the same amount for a 2-week summer vacation, as would a member of the CC?

[Jarai] We will not distinguish between party members and party outsiders, foreigners, or Hungarian tourists. As far as we are concerned, there are only paying guests.

[MTI] The Court of Registry rejected your petition to register some 30 pieces of real estate as well as 16 items comprising a computer system. I understand that the combined total value of these is 1,162,370,000 forints. What will happen to these? Will the limited liability corporation make use of these or will it surrender the economic benefit that could be gained?

[Jarai] The value of these assets is the subject of debate. Some count in gross figures, others in net figures. We do not want to provide cause for misunderstanding, therefore we will have these pieces of real estate appraised by experts. Thereafter, finally, NEXT 2000 will be able to begin its substantive activities.

[MTI] There is talk that in addition to these the MSZMP already has some other limited liability corporations. Are you aware of these?

[Jarai] Indeed there are a few such corporations of an entrepreneurial nature in the country, founded by the MSZMP. One such firm is the Downtown Garage Kft., established by the MSZMP Borsod County Committee. This facility expands existing car repair services available to the Miskolc populace.

Berecz Discusses MSZMP Unity Movement

*25000461 Szombathely TER-KEP in Hungarian
31 Aug 89 p 3*

[Interview with Janos Berecz, former MSZMP Politburo member and MSZMP CC first secretary, by Sandor Fodor, given in Vasvar at the organizational meeting of the MSZMP Unity Movement, date not given: "The Subjective Confessions of Janos Berecz: 'I Don't Feel Like a Loser'"; first paragraph is introduction]

[Text] I would like to make a subjective confession. Not too long ago Janos Berecz spellbound a perspiring audience, gasping for air in a muggy room at the Vasvar meeting of the "Hungarian Socialist Workers Party [MSZMP] Unity Movement for Renewal," with this formula. There the former first secretary of the Central Committee [CC] confessed. His confession was about

the idea that although the party membership had initiated the turnaround in May, the leadership was not sufficiently mature for unified direction; about the question of why he adheres to the MSZMP, when not too long ago he had to ask permission to attend the benediction of a church; and about the fact that as a historian he made some mistakes, but that one should not dig all the way into the past.

[TER-KEP] Don't regard this as bad manners, but your presentation reminded me of the pianist who in earlier days flashed his virtuosity in glittering halls, and now takes odd jobs in cultural homes in the countryside.

[Berecz] I have never despised cultural homes in the countryside. I went to all the places I was invited to. I travelled virtually throughout the country and made presentations in very many village cultural homes. And now I am saying that if a man gets into a situation like this, or they do not elect him, he should go back to the source. Because one either retreats by saying to heck with everything—after all one can retire—or, he says "okay, let's look at the source, primarily the sources I represent, from whom I can gain strength, and whom I can help." I could even regard this as a mission, and as more important than constantly glittering somewhere.

[TER-KEP] To put it mildly, one could say that you pushed your fight in the dark in the past, in a place where it was sheltered from the wind. Do many people consider you to be the loser in the intra-party struggle? What do you think?

[Berecz] Many people have bothered me with this kind of question, however I feel that as a party functionary my greatest accomplishment is that as chairman of the editorial committee I was able to gain acceptance of a document which states that a fundamental turnaround, radical reforms, political pluralism, market socialism, ideological renewal, and party transformation were needed. I did so at the May party conference against four negative votes and nine abstentions. This is the most I could achieve; therefore after this I do not feel like a loser. I would have felt like a loser had I been told to discontinue my activities permanently, because it is too early for me to begin gardening. This is why I returned to my voting district; this is why I accepted the invitation and encouragement of the "Unity" movement. I needed a plus, and I feel that I have found it.

[TER-KEP] You mention the May party conference as your personal success. At the same time some express the view that the power elite fell into their own trap. This is because the political elite was no longer able to blind people with economic promises, thus it was forced to make political concessions. The opposition instantly capitalized on this idea, and from then on there was no return....

[Berecz] It is conceivable—and I do not want to name anyone—that part of the political elite indeed fell into this trap. Unfortunately, in 1986 I was an enthusiastic

supporter of the platform proclaimed by the 13th congress. I say "unfortunately" in retrospect only. Beginning in 1987, however, some completely different ideas began to mature in me. I confronted the anger of the party membership directly, so that in January 1988 I was urging that a party conference not be held at the end of that year, as part of the political elite wanted. They felt that trouble could evolve out of that anger. In April I read many comments on the proposed positions. By then I clearly felt good about this matter and accepted the idea of change, and I was concerned that there would be some people left in the leadership to slow down these processes. It is fortunate that this did not take place.

[TER-KEP] Don't you think it peculiar that you were swept aside by a process of which you were one of the initiators?

[Berecz] The process did not set me aside. Instead the persons with whom we did this felt later that I was a disturbing factor. I did not join any kind of platform, therefore I could be set aside, just as that actually became possible. But they were able to set me aside only in terms of a function, not in terms of politics.

[TER-KEP] In using the term "Unity" at present, do you still represent the idea that you will not support any kind of platform? Moreover, that you deny the possibility of having a platform?

[Berecz] "Unity" regards platforms within the party as natural, and as unnatural if these platforms want to cancel out each other. We are looking for common ground. On the other hand, the Marxist unity platform and the Budapest No 1 Reform Circle do hold positions with which we cannot identify. Holding these views will make it difficult to stay within the same party. We must get together and argue about these views, but the party membership must recognize that the great strength of the party rests in unity.

[TER-KEP] Aren't those who insist on this cancelling-out process bothered by this thing called unity? And aren't they suspicious that unity is promoted precisely by a person who has been cancelled out?

[Berecz] The effervescence that came about would not have come about had I been the only one to promote the idea. A large part of the party membership struck a responsive cord, and wanted to commit some elected congressional delegates to our idea.

[TER-KEP] Another matter repeatedly voiced here is that we should not be digging into the past, but should look forward instead. On the other hand, I cannot escape being reminded that you are not saying this as a matter of coincidence; after all, as you yourself acknowledged, you made some mistakes in terms of analyzing and evaluating the past.

[Berecz] The injustices, the illegal acts, must be viewed properly. No progress can be made without that. We will depart from the past while repeating the same mistakes

unless we draw lessons. In other words, we must deal with this matter. But this much? What will happen to our future if we try to justify every hour of our existence. That must be left to historians. Goergey's life is still being debated, and the debate will continue. The same thing applies to 1956. On the other hand we are aware of two things. First, we made mistakes, committed crimes, and violated laws, and this must be rectified. Second, we must learn our lessons from these. But we will become a nation that looks backwards unless we look forward. And a backward-looking person will sooner or later bump into a lamp post.

[TER-KEP] Last summer two funerals prompted the nation to take positions. According to many, the burial of Imre Nagy and his fellow martyrs, and of Janos Kadar did not enhance national reconciliation, instead they increased division. How did you feel about these events?

[Berecz] Imre Nagy's funeral was very difficult for me. In the mid-1960's my starting point was that every word of the December 1956 party resolution was true. For this reason I condemned Imre Nagy and his group. A few fundamental documents were not made available to me. I was able to familiarize myself with these later. As a result I had to abandon part of the position I held earlier. This affected both my way of thinking and my conduct. Janos Kadar and I worked together for 10 years. Europe and Hungary may thank him for a lot. In terms of international relations he created something outstanding. On the other hand, beginning in 1982 I witnessed a Kadar filled with tensions in terms of domestic politics, nevertheless he still worked at his full strength and supported the party congress. But he did not live long enough to witness that conference. He recognized the importance of that conference, but was unable to identify with it; he was simply unable to continue. And this fact made him fall apart. He knew all my children. A young man from Bulgaria dated my daughter Mariann. Kadar told me that he would help; if needed he would bring the boy here and I should not let my daughter go there. I was very close to him—my family and I stood at his bier for 4 hours. True, I was told that we enter from the rear, but I felt that this would not have been the honorable way. I did not want to sneak to the funeral of Janos Kadar.

[TER-KEP] For that matter, this could be a subjective confession, just as you said at the beginning of your presentation that you would be making a subjective confession. Is this the thing needed now?

[Berecz] I always felt that such matters were important, in part due to my family upbringing, in part because of my education at Sarospatak. I learned that credibility is accorded to the one behind whose manifestations people can sense the human being. On occasion I paid dearly for this, because I committed myself to matters which later on did not prove to be correct. These kinds of things diminish a person's credibility.

[TER-KEP] You frequently mention the term "taste." What do you have in mind when you say that? What do you mean by political taste?

[Berecz] This tumult, which I consider to be natural otherwise, is lasting a bit longer than necessary, and is inflicting more wounds than it should. I'll give you an example from the realm of sports. I do not like soccer players who consciously kick legs once they have missed the ball. If this is a ball game, one should be concerned about the ball, and should take care of the other person. He too makes a living from the ball, or loves the ball. If there is a cause we should be concerned about that cause, and let's not offend people. In other words, there is too much hatred, and that is in bad taste.

Pieces of Iron Curtain To Become Souvenirs

25000462 Budapest ESTI HIRLAP in Hungarian
5 Sep 89 p 3

[Article by "pal": "Souvenir from Iron Curtain: 'Freedom-Rose' on Soldiers' Jacket; or Business is Business and Politics is Politics"]

[Text] Saturday the MTI [Hungarian Telegraph Agency] reported that the "Iron Curtain" will be turned into souvenirs after all. "On 4 August, the Mertcontrol Quality Control Co., Inc., the Electro-Technical Repair Shop of the Hungarian People's Army, and the Vienna firm of Trend Connection came up with five million schillings of start-up capital to establish a multinational enterprise called Trendcontrol, Ltd., which will produce and merchandise souvenir items made from pieces of the physical barrier that used to be in place along Hungary's border."

The report also mentions that these souvenir items ("freedom roses") will be made in two versions. The clients of Trendcontrol, Ltd. will receive this souvenir for a mere 13 or 16 dollars apiece, in ornamental boxes, complete with ribbons of the Hungarian national colors, an English and Hungarian language history of the Iron Curtain, and certificates of the barbed wire's authenticity.

So, it has come to this! In mid-July the border guard section of the Ministry of Internal Affairs stated that it does not wish to sell pieces of the barbed wire for "commercial" purposes, that is, for the making of souvenir items. On the other hand, they are ready to sell the wire for the purpose of erecting fences. The 5 August issue of HETI VILAGGAZDASAG reported that selling every km of the removed barbed wire would bring about 150 thousand forints clear profit to the border guards, while they would also save the 25 million forints that have been spent annually on maintaining the wire fence. However, the border guards refuse to sell the fence together with a certificate of authenticity. They made every effort to thwart plans for turning segments of the signalling device into "Iron Curtain souvenirs."

However, business is business. The only strange thing is that if the border guards cite political arguments for not wishing to become souvenir vendors, then how can the Hungarian People's Army, adhering to the same political principles(?), go ahead with similar plans? The border guards are proceeding with their announced actions. Of the material that used to stretch 260 km, they will retain 50 km worth for their own purposes, such as putting up fences around their posts, and will sell the rest as fence wire. As far as the border guards are concerned, the Iron Curtain was a working tool, while the country looked at it as a policy implement, and they feel that turning the symbols of an outdated political system into gadgets is a joke in poor taste. As for what the Material Service of the Hungarian People's Army will do with the fence wire it purchases, that is their business.

Let us continue to follow the migration of the Iron Curtain. The Hungarian People's Army turns over to the above-mentioned Trendcontrol, Ltd. 50 km of barbed wire made out of rusty carbon steel. This will be transferred from the western border to the eastern part of the country, to Nyirtelek, where the shop of the Hungarian People's Army will magically turn it into "freedom roses." According to spokesmen of the Hungarian People's Army press service, these will be respectable souvenir items, the manufacturing and sale of which will provide a sizeable income for the state as well as the Army. And this is quite aside from the symbolic political content of the process.

Once again, we are back to politics! The problem is not that the business tactics of the border guards and the Army differ; we have not gotten used to the idea, however, that the two could have entirely different opinions about the same thing....

POLAND

Call for PZPR Unity While Changing Ideological Role, Alliances

90EP0012a Warsaw TRYBUNA LUDU in Polish
7 Sep 89 p 4

[Article by Tadeusz Iwinski, Ryszard Kondrat: "A New Unity, a Different Party"]

[Text] In every socialist country in which reform processes are under way the changes so far have spread more widely to the surroundings of the communist parties than to these parties themselves. Against the background of an explicit social radicalization, a paradoxical phenomenon has arisen—a distinctive lagging of the political force which should be in the vanguard.

This also applies to the PZPR [Polish United Workers Party] and it is impossible to disagree with the severe but just assessment presented in the report by Marian Orzechowski during the second part of the 13th PZPR Central Committee Plenum, namely, that "A majority of the society has enough of the party such as it has been

until now, and of the present system of the exercise of political power and economic management." Such a state must clearly be brought to an end, the more so considering that, following the elections to the Sejm and the Senate and the appointment of the new premier we are dealing with a completely new political situation in Poland.

The consensus rather is that, on acting more energetically and unconventionally, squaring accounts with the past, and drawing conclusions from experience, attention should be chiefly focused on the problems and challenges of the future. At the same time it is difficult to discuss fruitfully the PZPR's future without also discussing, as is unfortunately often done, the future of socialism toward the end of the 20th and the beginning of the 21st centuries. Otherwise there arises the classical situation of "pars pro toto." That also is why we need a rapid development of theory, a distinctive turnabout in the social sciences, so as to at least keep pace with the changes. Nowadays the greatest peril for socialism is not the adversary but the mental stagnation. Then as a rule, there spreads what Lenin called "jabbering about the revolution." This concerns, among other things, applying Marxism to the analysis of socialism (which, incidentally, may be viewed as a separate social formation) as has once been done with regard to capitalism. Hopefully, this should not once more confirm Marx's opinion that the train of history is entering upon a curve where thinkers fall off the coaches.

Returning to the subject of the PZPR, it must win anew social trust while retaining its own ideological and political identity. And it can accomplish this only by deeds, not by words, winning minds by providing an example and engaging in specifics. Such actions, which also are needed to implement further reforms on the national scale, should be performed as a result of, in particular, structural and program changes within the party itself, leading in effect to its internal strengthening as an elementary condition for taking the offensive.

A particularly urgent need that arises is to define more precisely and discuss the fundamental problems linked to the unity of the PZPR. We believe that a vision of maintaining the unity of a reborn party, which does not necessarily have to retain its present appellation, a deeply reformed and authentically democratic party, should be opposed to notions of a schism within the party or the emergence from within it of two or more independent organizations. That would be a new kind of unity, one regarded as unity in diversity—and the consensus on this question will hardly be difficult to achieve. This refers to diversity of concepts and views on the roads leading to an effective implementation of the assumed goals. It would be a living, dynamic unity rather than a formal and static unity, as recently referred to in a pithy manner in TRYBUNA LUDU by Ryszard Kwiatkowski of Lodz. In this connection, the resolution of the 13th Plenum approving the right to formulate alternative political platforms eliminates, as has long

already been expected, the obstacle to the road to new reappraisals and explorations.

Ideological Unity and the Social Base of the Party

We share the view of authors such as, recently, Leszek Grzybowski who take the position that the party program should be a pragmatic rather than a purely ideological program. Nevertheless, the unity of our political movement, which requires a resolute, precise, and common redefinition, should ensue both from a system of general values and from a concrete reform program and activities to promote the implementation of precisely defined objectives. A need is being sensed to confirm the party's will to act consistently with the object of translating into reality socialist ideals and values implanted in the tradition of Marxist thought and the experience of the worker movement while at the same time rejecting the theory and practice of Stalinism. Greater allowance must be made for the achievements of Polish democratic and progressive social thought and the traditions of Polish socialism.

It is in the domain of scientific socialism as well as of the practice and best experience of both the revolutionary and the reformist forces of the progressive left, and also on taking into account the conclusions to be inferred from the recent history of People's Poland, that answers should be sought to the following questions:

- What particular vision of socialism do we desire to translate into reality in our country?
- What means, forms, and methods of translating that vision into reality are we proposing on taking into account the present and foreseeable social, economic, and political situation?
- Toward what allies should we orient ourselves in pursuing this vision, on taking into account the pluralization of political forces?
- What may be the perils and obstacles to the implementation of this program and how should they be rationally counteracted?

A socialist orientation signifies nowadays the aspiration to build a modern and effective socialism that would safeguard a marked acceleration in the civilizational growth of Poland. It will also assure a constant release and proper utilization of human energies for the individual as well as collective good. In this sense, social forces, which should be the principal base of the party, are a cardinal factor. This means, among other things, resolving the dilemma of "[the working] class or the entire nation?"

The attempts so far to combine the class option with the national option have ceased to be topical in a situation in which the party has lost its hegemonic position in the political system. Various concepts are being offered, and of these at least two appear to deserve consideration:

1) Reorientation in the direction of a broadly conceived social left (the administrative and managerial cadres, the scientist and humanist community, highly skilled workers, intellectuals, youth), since that is the constituency most likely at present and in the future to be interested in reform processes and social and economic progress;

2) Orientation toward the working class principally, since that class is, in Marxism, the traditional revolutionary force interested in reducing social differences and abolishing, in the long run, all social divisions. Allowing for the marked internal differentiation of that class, the point would be some shifting of the point of gravity and the representation of, above all, the interests of the present-day worker strata.

The supporters of the former concept point out, not without reason, that in a situation in which certain segments of the working class are conservative, a reorientation toward, chiefly, the forces genuinely interested in reform and progress is needed. Incidentally, we lack sufficient knowledge about the present-day relationships among the interests of discrete social groups in Poland, and yet this is a crucial issue. The supporters of the latter concept stress that the contemporary working class has not forfeited its revolutionary potential and destiny. Hence also conservatism is not an immanent aspect of part of the Polish working class but rather a consequence of the operation of particular socioeconomic conditions, such as obsolete technologies, organization of labor, and poor interpersonal relations. Abandoning the pro-worker emphasis could result in the total loss of confidence in the PZPR by a substantial segment of the society, which in effect would lead to the ideological absorption of the PZPR by other political forces, or to the formation of a separate class-oriented worker party.

The above dilemma may be resolved by reorientation toward a social base recruited from among persons who derive their living from hired labor, that is, toward the party of the world of work. Such a reorientation should define the party's approach toward the social policy of the state, toward the issue of social exploitation, and it should determine the party's political line by stressing support and preference for the fundamental interests of working people and of youth about to begin its careers. In practice, it is precisely these issues that may prove to be the main criterion of leftist leaning.

The Problem of Alliances

A modern, socialist, and reform-minded party line, based on promoting the interests of the world of work, also requires a different approach to the question of political alliances, particularly in view of the existence of ideological, world-outlook, and organizational pluralism, which has to be acknowledged as a lasting element of the situation in this country. It appears necessary for the party to confirm itself not only in word but also and above all in practice as a pro-reform force rallying round this goal the entire Polish left regardless of

the differences in outlook. For the party is not the sole leftist social force and, regardless of the nature of the foreseeable changes, this situation will persist.

In practice this means the need to respect the ideological and political unity, as well as the equality and partnership, of other political groupings, including the former and present coalition partners. Above all, this imposes the imperative of exploring a new formula for the formation of long-term alliances based on similar program planks and similar systems of value, including an alliance with the reform-minded current within Solidarity as well as with new leftist social forces. In this connection, an elementary requirement is constant analysis of the sociopolitical situation along with a flexible response to the changing reality, to the formation of various alliances and coalitions with the object of achieving particular objectives.

Another important thing is for the party to constantly orient itself not only toward discrete political forces and movements but also toward the broader social base of the Polish left concentrated in social and youth organizations, and particularly toward trade unions as mass organizations of working people, that is ones having a social base close to that of the party. In this way the party will be, irrespective of its efforts to broaden its own membership, shored up by its ties with social and occupational organizations enabling it to maintain two-way contact with a broader social base. The extent to which the party promotes the interests of that base will determine the extent to which it gains the social trust indispensable to an effective implementation of its program planks and assumptions.

Just as the traditional model of socialism existing in Poland has exhausted its development potential, so the stagnant model of the party with its fossilized mechanisms of action has become a brake to further growth. This necessitates an urgent change—a complete one beginning with the 11th PZPR Congress, but a partial one even before then. In this way there should arise a new party, in the sense of a party of modern socialism with forms of political leadership other than the present. It should be a party of de-Stalinized left, a party continuing and deepening the political and economic reform, and lastly a party based on fully democratic operating mechanisms.

Sejm Deputy Defends PZPR Deputies' Club Performance

90EP0012b Warsaw TRYBUNA LUDU in Polish
4 Sep 89 p3

[Interview with Deputy Bernard Kasprzak of the Polish United Workers Party (PZPR) Club of Sejm Deputies, by Ewa Rossolak: "Campaign Promises Should Not Be Changed"; date and place of interview not specified]

[Text] [TRYBUNA LUDU] Comrade, when you learned of your election to the Sejm, you said, "I scored a great success."

[Kasprzak] I still think so. And I stress that I owe my success to the work of many people—my campaign committee, my home party organization, and primarily my voters.

I want to and should bear this in mind. Besides, my home party organization (The PZPR Factory Committee at the Passenger Car Factory where Bernard Kasprzak is the director for economic affairs—ER) has not abandoned me after the elections either. It has become a base at which spontaneously arose a group of friends and advisers that is now turning into an authentic advisory team. The PZPR [Polish United Workers Party] factory committee has also initiated the establishment of an office of the Sejm deputies at the factory. This is a valuable initiative considering that the office will provide assistance to the two Sejm deputies elected from our factory.

[TRYBUNA LUDU] That other deputy is Jerzy Dynier of the OKP [(Solidarity) Citizens' Parliamentary Committee]. Are you two cooperating in any way?

[Kasprzak] Of course. We exchange views and materials and discuss a lot together. Recently, for example, the worker council of the Passenger Car Factory adopted a resolution in favor of a project for revising the Decree on Self-Government and State Enterprises and turned to us both for its support in the Sejm.

[TRYBUNA LUDU] Comrade, did you promise your support?

[Kasprzak] Yes. I shall support this project, although I am aware that the importance of worker self-governments will hinge on the changes in modes of property. At present it is difficult to foresee the pace of these changes.

[TRYBUNA LUDU] Comrade Deputy, the performance of the PZPR Club of Sejm Deputies has not met with many flattering opinions. Why?

[Kasprzak] I think that we really deserved only some of those unflattering opinions. I do not agree that the Club is performing badly. We have already prepared a dozen or so of legislative initiatives and we are making interpellations and asking questions. Currently we are working on a vital project—the draft of a decree on political parties. All the flexible party organizations, including my own branch, have joined in the work on this tremendous undertaking.

[TRYBUNA LUDU] Many rank-and-file party members are demanding that the next party congress be convened as soon as possible. Comrade, do you share this opinion?

[Kasprzak] Are we prepared for that congress? Let me ask you honestly, what answers can we give even now? What new program have we succeeded in working out? And yet, this is to be a congress of which we expect so much, in terms of changes in program planks and in the party cadres.

[TRYBUNA LUDU] But let me ask you again about the work of the PZPR Club of Deputies. It hardly seems to be concerned with economic matters.

[Kasprzak] I would say that the measurable effects expected by everyone are not here. I happen to know that the program group is intensively working. But we at the PZPR Club of Deputies always lack time; we discuss the past more often instead of building and acting.

[TRYBUNA LUDU] Comrade Deputy, what are your contacts with your electorate?

[Kasprzak] In my opinion, they still are insufficient. But I am planning a series of meetings with pensioners, annuitants, etc., in the plants and factories of my district for September. By now it is time for me to tell my voters how I want to translate into reality the objectives I proclaimed during my electoral campaign.

ROMANIA

Ex-King Michael on Monarchy, Ceausescu Regime

90EB0015 Rotterdam NRC HANDELSBLAD in Dutch
22 Sep 89 p 3

[Interview with Ex-King Michael of Romania, by Sorin Alexandrescu at King Michael's residence in Switzerland: "I Am the Legitimate Head of State of Romania"; date not given; first paragraph is introduction]

[Text] In 1947, King Michael (Mihai) of Romania was forced by the communists to renounce his throne. Since then, he has lived as a man without a country in Switzerland. For many Romanians, Michael is the symbol of courage, the hero who in 1944, at age 23, managed to arrest his de facto superior, General Antonescu, and who defied the communists. Now, after 40 years of silence, Michael is presenting himself as the legitimate king of a democratically ruled country. "I assume that I will return to Romania and that we will then put our shoulders to the wheel to get the country back on its feet."

A beautiful villa with a splendid garden in Switzerland. King Michael himself opens the door. He is tall, he maintains the sportive posture of earlier days, and he stands up straight, a bit stiff and reticent, an old retired officer. He radiates authority, but he speaks slowly, sometimes looking to find a word, and then appearing for an instant to be as self-conscious as he is said to have been in his youth.

King Michael, of the Hohenzollern family, was born on 25 October 1921 in the Romanian town of Sinaia. At age 6, he became king under a regent after his father, Carol II, had abdicated 2 years earlier and departed the country with a controversial lover, and his grandfather Ferdinand died. In 1930, his father returned unexpectedly and assumed power. The political Right made

advances, Carol II participated in the chaos and corruption, and in 1938 he proclaimed a royal dictatorship.

In the meantime, Hitler and Stalin had reached agreements on Eastern Europe, whereby Romania had to cede part of Transylvania to Hungary, Bessarabia and Bukovina to the USSR, and part of Dobruja to Bulgaria. On 5 September 1940, Carol II released General Antonescu from prison and appointed him prime minister, with full powers; however, one day later he himself was forced to abdicate, and Michael, now 19, became king once again.

In 1941, Romania, under the de facto leadership of Antonescu, joined the war against the Allies by attacking the USSR. Three years later, on 23 August 1944, the 23-year-old Michael arrested General Antonescu. Romania broke with Nazi Germany and thenceforth fought on the side of the Allies. The Russians were not grateful; they quickly Sovietized the country and threatened to use military force when Michael refused to send the legitimate government home and appoint communist Groza prime minister on 6 March. Michael waited in vain for Western assistance, eventually knuckled under, attempting to moderate or intimidate the communists, but was finally deposed on 30 December 1947.

Thus, the handsome, young, sportive, self-conscious and unfortunate king disappeared from the picture. For years now, he has lived in Switzerland, without a country. Thanks to his niece, the queen of England, he travels with a British passport. Michael is married to Anna of Bourbon-Parma and has five daughters.

In 1986, for the first time in 40 years, Michael commented publicly on the situation in Romania. His silence for so long has to do with a Swiss law that states that a refugee may not engage in any political activity that will jeopardize Swiss neutrality. Moreover, according to the 1923 Romania Constitution (the last democratic constitution in Romania), the king may speak only when accompanied by a minister. But in recent years, Switzerland, despite its neutrality, has voiced harsh criticism of Romania; and secondly, because of the worsening situation in Romania, Michael feels that his moral obligation is more important than legal restrictions dating back to 1923.

Michael is the last head of state from prewar Eastern Europe and the last prewar political leader from Romania. The ex-king could play an important role in opposition to the present government in Romania. Michael is still the symbol of democracy and political courage, of continuity with the old Romania, someone who as a young and inexperienced man was able to arrest Antonescu and defy the communists.

[NRC HANDELSBLAD] You were king from 1927 to 1930 and from 1940 to 1947. Between 1930 and 1940 you led a rather withdrawn life.

[Michael] Yes, I was busy with my studies and with military service. Unfortunately, I was almost never kept up-to-date on affairs of state, and it was very difficult for

me to get information. I was surprised by the events of 5 September 1940, I had not been informed about the actual situation.

[NRC HANDELSBLAD] On 5 September, King Carol II released General Antonescu from prison, and Antonescu then demanded that the king abdicate in your favor.

[Michael] My father was acting under pressure from the Iron Guard. During the night of 5 September, we all met and father received the letter from Antonescu in which he demanded that he abdicate. I did not participate in the discussion, but I was present.

[NRC HANDELSBLAD] On that same day you reappointed Antonescu as prime minister and "leader" of the country.

[Michael] He had arranged everything, I had the papers thrust under my nose, so to speak, and I had no choice, I had to sign.

[NRC HANDELSBLAD] Did the document in question restrict the power of the king?

[Michael] No, that restriction had already been effected when Antonescu came to power and assumed most of my father's privileges. When I was sworn in on 6 September, I inherited this situation.

[NRC HANDELSBLAD] What sort of contacts did you maintain with Antonescu between 1940 and 1944? You were the sovereign of the country and Antonescu was the "leader."

[Michael] Yes, it was a rather strange situation. My contacts with him were always extremely cool. His authority extended over everything, he appointed the palace officials, he even involved himself in our private life. We could do nothing. I was kept completely outside the affairs of state. Antonescu used us, as it were, as a facade for parades and other festivities. My mother first heard about the declaration of war against the USSR (on 22 June 1941, SA) on BBC, and then I heard about it the following morning on Radio Bucharest.

[NRC HANDELSBLAD] Did you try to change this situation?

[Michael] There was very little that could be done. My mother helped me a great deal in setting certain things right. For example, we succeeded in talking Antonescu into bringing back the Jews who had been deported to Trans-Dniestria, because the "final solution" awaited them there. In this way, around 400,000 Jews were saved. Also due to our intervention, not one single Jew was sent to a concentration camp, nor did they have to wear a star of David on their arms. His biggest mistake was in advancing as far as Stalingrad. No one in Romania could accept that. What business did we have there? Everyone, including us, agreed with the decision to march into Bessarabia, but not a single centimeter over the Dniester.

[NRC HANDELSBLAD] A 23-year-old king arrests Antonescu right in the middle of the war, assisted only by a captain and three non-commissioned officers! You took a big risk.

[Michael] We had begun preparations for that in 1943. However, talks both with the Russians via Sweden and with the West in Cairo and Ankara were stagnating. The collapse of the front in the northern part of our country offered us the concrete opportunity. The original plan that had been formulated together with the political parties stipulated that the coup would take place on 26 August, but I moved it up 3 days when I learned that Antonescu planned to go to the front on the 24th, where we would be unable to do anything. I had already sent a telegram to the Allies in Italy, in which I asked them to bomb certain military targets on 26 August. We then spent more than an hour trying to talk Antonescu into reversing the front. His response was categorical: He refused to accept the cease-fire because he could not accept certain conditions and because he did not want to betray his German allies.

[NRC HANDELSBLAD] It was strange that between five o'clock, when Antonescu was arrested, and your proclamation at ten o'clock in the evening, several hours passed without intervention by the State Security Service or the German army.

[Michael] I don't think they knew very much about it, they simply suspected that something had happened. If they had known, they would have arrested us immediately. Antonescu and others regarded me as a child. When I carried out the coup under their noses, they were so bewildered that for a time they did not know what to do. That was our good fortune. We also had a couple of people with the telephone service who cut all connections with the Germans. The only people we had were recruits with 3 months of training behind them, while the other troops were spread out and did not arrive in Bucharest until the night of 23 August. The German commanders did not immediately issue the combat order, and for that reason the German units, which were very disciplined, did not spontaneously intervene against us.

[NRC HANDELSBLAD] What happened to Antonescu after his arrest?

[Michael] We locked him up in a room on the top floor where my father kept his stamp collection. At that moment, there was not a single military unit available to hand him over to, and that night I hid out in the mountains. The communists and social democrats, under pressure from the Allies, were involved in the action, even though they were of no significance in Romania. Bodnarus and his group of communists fetched Antonescu from the palace. However, at that time I was already outside Bucharest, and it was only later that I heard about it. Thus, it was the communists, and not I, who later handed Antonescu over to the Russians.

[NRC HANDELSBLAD] Exactly one year after the successful coup, on 21 August 1945, you went on a "royal strike." You once again had a prime minister who had been forced on you, this time the communist, Groza. The war had ended on 9 May. Romania was now under occupation by different troops, the Soviet army instead of the Germans. But one thing was not repeated: Groza was not arrested as Antonescu had been.

[Michael] That was impossible. The Russians were much more numerous than the Germans. Bucharest was teeming with Russian tanks; the process of disarming the Romanian army and sending it home, with the exception of the communist brigades who had been trained in the USSR, was under way. The Germans had not commanded the Romanian armed forces, but the Russians were doing just that. During the war, the Romanian army functioned independently, and I was able, for example, to call troops to Bucharest on 23 August. In 1945, I was no longer able to do that; all the troops were at the front, outside the country, under Russian supreme command, and they could not have returned home even if I had ordered them to do so.

[NRC HANDELSBLAD] You were soon at odds with the Groza government. What would have happened if you and the old democratic parties had engaged in a direct confrontation with the Russians and the communists? The war was over then, and the Russians had no military arguments in favor of openly occupying Romania.

[Michael] Yes, but they had political arguments: They wanted to assure themselves of peace and quiet behind the Soviet military administration in Germany and Hungary. I am convinced that they would have undertaken the military occupation of Romania. If we had resisted openly, we would have been putting the spark to the tinder. With their characteristic violence, the Russians would not have hesitated to kill thousands of people. We tried to save what could be saved.

[NRC HANDELSBLAD] If the Russians had undertaken retaliatory measures, surely the West would have had to step in.

[Michael] In light of what we saw later, they would not have stepped in. At the time, I was involved in talks with their representatives in Bucharest, and I understood that all their reports on Russian interference in Romania were ignored or even rejected in London and Washington. The official policy of England and America was total indifference. Now we know that they had already agreed with Stalin that they would give him a free hand. The 10 percent of Western influence in Romania meant nothing. After all, all the other countries in Eastern Europe ended up in the same situation as we did. I must add another important point to this discussion. After 23 August, the Russians immediately halted their offensive against the Germans. I suspect that they wanted to perpetuate the same thing here as in Warsaw, where they similarly halted their offensive, allowing the Germans to

chop up the Poles, and then attacking only later. Fortunately, things proceeded differently here, since we succeeded in knocking out the Germans.

[NRC HANDELSBLAD] It is remarkable that while there was large-scale resistance to the Germans everywhere, there was apparently general paralysis towards the Russians.

[Michael] There was resistance, but there was nothing more that could be done.

[NRC HANDELSBLAD] You earned a great deal of admiration for your return from England in November 1947, even though you undoubtedly knew that the game was over.

[Michael] Yes, because my place was in Romania, not abroad. In England, I was offered not one single form of support. King George had an audience with me and my mother in Buckingham Palace, and after talking for 2 hours he told me that England was unable to do anything.

[NRC HANDELSBLAD] If you had not been forced to abdicate, would you have stayed?

[Michael] Certainly. Abdication was forced upon me by the arrest of the Palace Guard and its replacement by communist military units, the positioning of guns in a second ring around the palace, the severing of telephone connections; during the talks, Groza had a pistol in his pocket, which he showed to my mother, and he said to her in German, "I have this with me so that what happened to Antonescu won't happen to me." Nevertheless, it was not the threats made by Groza and Gheorghiu-Dej that made me decide to abdicate, but their blackmail to the effect that otherwise they would bring about a bloodbath throughout the country.

[NRC HANDELSBLAD] In 1948, you said in London that you had been forced to step down, and that for that reason your abdication was null and void.

[Michael] London was the first place where I could make that declaration, in Switzerland and France it was not possible. I repeated it in New York. In every civilized country, there is the principle that an act committed under pressure is not valid.

[NRC HANDELSBLAD] However, the London declaration also had legal ramifications.

[Michael] For me it certainly did. Unfortunately, many would rather look at the actual situation instead of the legal one. Because of that, I live a double life: one with respect to Romania and the Romanians, and the other with respect to everyone else. I must navigate between those two positions, which is very difficult. Perhaps some people think that restoration of the monarchy would be very difficult in Romania. In that case, they are not familiar with our history. We have always had monarchs, and kings for nearly a hundred years. Some

were better than others, but they always devoted themselves to the common welfare.

[NRC HANDELSBLAD] How do you view yourself now?

[Michael] As the legitimate head of state of the country.

[NRC HANDELSBLAD] Does this also mean that your descendants are heirs to the throne?

[Michael] Of course.

[NRC HANDELSBLAD] Nevertheless, unless I am mistaken, the principle of royal succession in Romania applies only to the male line.

[Michael] That principle was indeed included in the 1923 Constitution. However, things do change, and I understood years ago that my eldest daughter, Margaret, would be accepted in Romania as crown princess. However, it is impossible to discuss constitutional issues as long as we do not have a legitimate parliament.

[NRC HANDELSBLAD] What did you do after your visit to England and America in 1948?

[Michael] I continually travelled back and forth between Florence, where my mother had a house, and Denmark, where my mother-in-law lived. In 1950, I went to England, where I remained for three and a half years. There, I met an American businessman who was involved in aviation. When he heard that I had been a pilot since 1943, he asked me to go to work for him in Switzerland. That is how I ended up here. I worked on testing radar equipment and the automatic pilot in airplanes for a large number of clients until 1957, when the company folded and we were out on the street.

[NRC HANDELSBLAD] And after that?

[Michael] With several others from the American company, I set up a firm for electronic equipment. After several years, we could no longer hold out against competition from the multinationals, and we were forced to close the company. Later, I worked as a "broker" for a Greek-American company. There is all sorts of nonsense alleged in Romania about the riches that I am said to have taken with me out of the country. Everything that I took with me was with the consent of the government, which had representatives on every floor of the palace; it would not have been possible to take an additional ashtray without them seeing it.

[NRC HANDELSBLAD] After so many years as king, you thus began to live the life of an ordinary citizen.

[Michael] There was no alternative. However, we did not halt our political activities. Together with others, I established the National Romanian Committee, but it was forced to discontinue its activities after several years for lack of money. Various people have asked me why I am now suddenly starting to make statements again. My response is that for 40 years I have never stopped talking

about the situation in Romania. I simply turned away journalists who asked me questions about my private life. That is not important. As early as in 1951-1952, I gave testimony before a committee of the U.S. Congress. I have always spoken with politicians or government, but no publicity has ever been given to these talks. Unfortunately, the press had little interest in Romania. "Coexistence" was in fashion at the time.

[NRC HANDELSBLAD] Have you noticed any interest in the West for Romania?

[Michael] Much too little. The free world is, as they say, the advocate of freedom throughout the entire world, but their interest in Eastern Europe is almost exclusively focused on Hungary and Poland, and scarcely at all on Romania. That is something that I don't understand.

[NRC HANDELSBLAD] Until around 1980, the West had a great deal of admiration for Ceausescu.

[Michael] In a certain sense, he was throwing dust in the eyes of the West. The "ministry for falsifying history" was apparently very efficient. We made a point of this long ago. Unfortunately, the Western media for a long time had blinders on when it came to Romania.

[NRC HANDELSBLAD] Since then this situation has changed, thanks in part to Romanian dissidents.

[Michael] Naturally, their protests alone cannot lead to the liberation of Romania. The more attention that is focused on the situation in the country, the better it is. It is difficult to say what should be done in the West in practical terms. At one point, I proposed an economic boycott. Why do people do business in Bucharest if people have to suffer from it? That is how the food that is in short supply in Romania is all exported abroad.

[NRC HANDELSBLAD] Do you believe that a boycott is feasible? So far, it has not succeeded with South Africa or with Poland.

[Michael] It is difficult to say how we could effect a boycott, but I hope that we find the key somewhere.

[NRC HANDELSBLAD] Could it perhaps be found in the EC, or in the Council of Europe?

[Michael] That is a possibility.

[NRC HANDELSBLAD] Things are now changing quickly in Eastern Europe, but not in Romania. How do you think things will turn out there?

[Michael] That is difficult to say. Ceausescu appears to be insensitive to outside pressure, and inside the country the security service is omnipotent. It is difficult to foresee changes within the communist party. The six ex-communist leaders who signed the protest letter are themselves jointly responsible for the current situation in the country. It is good that they have spoken out, but we should not forget their pasts. Revolts such as the one in Brasov in 1987 have a chance to succeed only if they

are general in nature. We also cannot expect the people there to make massive sacrifices, to perhaps needlessly spill their blood.

[NRC HANDELSBLAD] Let's say that there is a change in the current political situation in Romania. What should happen then, in your opinion?

[Michael] In the first place, the 1923 Constitution should be put back into effect. The so roughly severed thread must be reestablished. Furthermore, the people must regain their dignity, their self-confidence. Then there is the economy. There are so many problems there that it is difficult to say where one should start. The formation of a government would also be difficult. There are undoubtedly people of merit, but where will they come from? The political class has been destroyed and must be restored, everything must be carefully rebuilt. These are things that I contemplate continually.

[NRC HANDELSBLAD] You regard yourself as king of Romania, and many Romanians share that view. Would you return to Romania if you were called upon to do so?

[Michael] Certainly, but I would have to take a look at the circumstances. I have been saying this for some time now: I assume that I will return to Romania and that we will then put our shoulders to the wheel to get the country back on its feet. After that, we will ask the people, through a referendum, whether they want a monarchy. It doesn't seem right to me to ask that question at the very beginning. What kind of answer could they give right now?

YUGOSLAVIA

Sociologist Predicts Deepening Economic Crisis

28000185a Zagreb DANAS in Serbo-Croatian
5 Sep 89 pp 11-13

[Interview with Dr Josip Zupanov, professor in the School of Political Sciences at Zagreb University, by Milan Jajcinovic: "It Could Be Worse"; date and place not given]

[Text] If there are any ideological true-believers left, then after this interview Dr Josip Zupanov, professor, will again be accused of painting "dark pictures." But that is nothing new for this professor in the School of Political Sciences at Zagreb University, associate member of the Yugoslav Academy of Sciences and Arts and one of the most esteemed Yugoslav sociologists. After all, his sociological insights into the causes of the disease of Yugoslav society have been proclaimed exaggeration and the desperation of an "old Communist" by many holders of power. But as that criticism has become fiercer and more bitter, Professor Zupanov's arguments have unfortunately been borne out more and more. If some of his present predictions are also borne out, then....

DANAS: In the conversation which we had 2 years ago, you said that our society is going back to the level of

Tanzania, that people have reconciled themselves to inflation and impoverishment, and that that reconciliation is developing as a new style of life.... Many thought that you were exaggerating. Could it in fact be worse than it is now?

Zupanov: We still have not reached the bottom of the crisis, although Janez Drnovsek, chairman of our State Presidency, believes that we have. It could be still worse. Here is just a small concrete example. You know that all of civilized life is finely "tuned" to living with electricity. The life of the household, the workplace, the entire infrastructure cannot even be imagined without electricity, but I recently read that in Zagreb there are already 5,000 households that have renounced life with electricity. And I think that these large price increases, which grow every month or 2 by large percentages will in a year or 2 make electricity a great luxury which only the most affluent will be able to allow themselves. What is that but going back to the level of Tanzania? This is a great process of decivilization. What is more, people will not be able to buy shoes, say, since they will be sold at enormously high prices. Nor will they be able to buy furniture. We will again have the situation such as just before the war—for example, if a police patrol passed through a Bosnian village, people would say "the shoes have passed," since most of the peasants did not have any of their own. But what I am saying now is no longer prophecy of what will happen, but a reminder of what is here and now. To be sure, people still have certain reserves, but even they will "melt away in a period of 2 years." So, what I was predicting 2 years ago as merely a possible scenario is now happening.

DANAS: In the other so-called socialist countries, we find processes similar to those in Yugoslavia: impoverishment, ethnic unrest, intensified repression, and economic chaos. All of this seems to be an inseparable part of their reality. Might it be said that this actually signifies a "farewell to socialism" as we know it?

Zupanov: I still think of socialism as the offspring of the October Revolution. In other words, socialism for me is the system typical of the countries which call themselves socialist. But if we move on to some broader plane and define socialism as a postcapitalist, postindustrial society, then that socialism does have a future. Even in America. I do not know whether people will continue to refer to that society as socialism. I remember a conversation between an American sociologist who with a group of colleagues was studying the government corporation Tennessee Valley Authority—which was a complete anomaly in the middle of the capitalist world, and conducted its business on completely noncapitalist principles, but very successfully—with a worker of that enterprise. The sociologist asked him whether it did not seem to him that the Tennessee Valley Authority was a bit like a socialist enterprise, and he answered him: "Wait a minute, now, how can you say that? Do you know what it was like in this area before the project of the present corporation began? There were swamps, mosquitoes and malaria, hunger and misery, and you see

what has been achieved now. How can you call that socialism?" But as far as Eastern socialism is concerned, I always recall a discussion in Canada in which I took part some 18 years ago, when a philosophy professor literally said: "Socialism is a company that has gone bankrupt." At the time, I fiercely objected to such an assertion; today, I do not know whether I could say anything to contradict it.

DANAS: Could Yugoslavia have avoided the eastern matrix of socialism?

Zupanov: That is difficult to say. But in any case, viewed in the abstract, Yugoslav society could have taken a different road. At the celebration of the 40th anniversary of the Congress of Culture Workers, which was held in the Yugoslav Academy of Sciences and Arts, Prof Ivan Supek spoke about such a possibility. He said on that occasion that during and immediately after the war in Croatia there was a pluralistic option within the Croatian Communist Party and that then the road was taken toward a different socialism. But Hebrang was arrested soon after the war. And it seems that he was actually one of the advocates of that kind of new socialism. Accordingly, it seems to me that given the leading role of the Communist Party—which was a party of the Bolshevik type and never freed itself from the fundamental Bolshevik paradigm—nothing was possible other than what actually happened.

DANAS: Can even today's Yugoslav crisis be viewed in terms of the relation between the Bolshevik and liberal options over the last half century?

Zupanov: Yes. After all, a socialism headed by a Communist Party of the Bolshevik type must ultimately end up with something like the Chinese solution.

DANAS: The battle for superiority between these two options is also evident when it comes to the attitude toward the reform which has been announced. In view of the "balance of power," does the reform have any chance?

Zupanov: I am afraid it does not. After all, for the reform to succeed, it would be necessary to embrace the private economy and all those consequences which it entails on the political plane. But when I speak about the private economy and privatization, I am not, of course, referring to a system in which even the largest enterprises will be the private property of individuals. For that matter, the private economy—except for small and some medium-sized enterprises—is not in the hands of individuals even in the United States. There are so-called institutional investors, such as, for example, social security funds, health insurance funds, and so on, which buy and sell stock and thereby try to protect the assets of those they serve. So, I do not think it would be possible in Yugoslavia to arrive at a solution where, say, Rade Koncar would be the property of one man or one family, but when I say a private economy, I am thinking of an economy in which the same rules of behavior apply as in a capitalist economy, in which everyone, including even

the government, behaves like a private party. This is actually the boundary line. This is the Rubicon. So long as you are still talking about a market mechanism and various measures of the market economy, you still are not changing the basic paradigm: public (well, if you like, government) ownership, in which the state is the dominant presence in the economy. Such a paradigm will not take you very far. Nor is it any accident that the reforms have always come to nothing in the socialist world. I think that that will also happen with the present reforms in both Hungary and Poland. And in our case such an outcome is more or less clear.

DANAS: One segment of the public has already become accustomed to dividing the republics into advocates and opponents of reform. Is there real foundation for such a generalization; that is, can we speak about the "proreform" and "antireform" republics?

Zupanov: I am not certain that there are "proreform" and "antireform" republics. Even in those republics which are today putting the greatest emphasis on the reform there are forces resisting and putting on the brakes, forces which at the moment are merely out of breath. But such forces do exist, and in some republics they are even a segment of official policy. Nevertheless, it is still difficult to divide the republic in the way you mention. Not a single republic is homogeneous in its attitude toward the reform. In some places, to be sure, the proreform forces are stronger, but there is some question as to what they can do even within their own republic.

DANAS: How do you interpret the phenomenon of people having a harder and harder time to get along and living worse and worse, but still there are many fewer demands for social justice than for "ethnic rights"? Does it seem that the "coalition" of the political elite and the workers is still functioning quite well?

Zupanov: It is difficult to say whether that coalition is stronger today than before. In a sense, it has undergone change. After all, when the political bureaucracy is no longer able to fulfill its obligations in that coalitional relationship, it still has one possibility. It can point its finger at someone who is "to blame." And that person is always from another republic or another nationality. In that manipulated form, in which the social conflict is transformed into an interethnic conflict, the coalition is consolidating itself and is perhaps becoming stronger than it ever was. In certain of our republics, that alliance is stronger today than earlier, but at the price of manipulation of ethnic sentiments and ethnic identity. I do not know whether that can go on ad infinitum. Will the workers, for example, reach a point when they say: "Enough is enough, regardless of what you say about those others, you have not fulfilled a single promise! We want to live!" Nevertheless, the bureaucracy is still fulfilling certain obligations under the contract—since as soon as someone goes on strike, the money necessary is immediately found, whether it is found by the republic executive council or the opstina or solidarity funds, or

again loans are taken from the banks which are never repaid. Accordingly, the coalition is still holding on in that way. But to make it still more effective, it must move to the level of interethnic conflicts. It is then that differences arise; that is, there are communities in which manipulation of that kind is completely successful and those where for one reason or another it is not successful.

DANAS: One of the ways of satisfying the workers is in fact to pay them even what they have not earned. There are cases where the workers strike and demand wages twofold or threefold higher, say, although it is not certain whether objectively they could ever earn that much. The "coalition" is actually undermining the reform?

Zupanov: There is a complete divorce of pay from productivity, from the results of work; so that wages are more and more taking on the significance of social welfare. And that is actually a return to the hard-line version of real socialism in which the state, as the principal employer, once it has hired someone, is required to guarantee him some kind of pay, regardless of whether that person is working and even in spite of the fact that it would probably be better if he did not work at all. So, people are in fact holding onto their right to demand wages twice as great, even in advance, when nothing has been produced as yet. To be sure, one can, of course, understand such behavior. It is dictated by inflation. But there is no way that any kind of reform can be undertaken with that kind of behavior.

DANAS: How do you look on the future of the new authority of enterprise directors in the context of relations of that kind within the enterprise?

Zupanov: I have not really been impressed with these new powers of the director. For me, the problem is that management does not have legitimacy in Yugoslavia, in the system of the self-management form of public ownership. This is evident as soon as there is a strike. Aside from wages, removal of the management is also routinely demanded. And management cannot indeed possess legitimacy, nor, of course, can the director, unless the goal of the enterprise is property. The American manager is given legitimacy by the stockholders and the stock market, where one can see whether the enterprise is performing well when the price of its stock rises or performing poorly when the price of its stock drops. That kind of management, which has a kind of legitimacy apart from the workers, could then hold out. It could say "no, we cannot set aside that much, since we have not earned it," or it could even stick it out and let the strike last 2 or 3 months or even a year.

DANAS: Does the Yugoslav enterprise—in view of the fact that realizing profit is not its most important concern—have the determination and the interest to behave in a market-oriented fashion?

Zupanov: I recently read in the paper that Meblo is now charging or selling or putting up for sale some of its wall module combinations and sets of furniture for 800 million dinars! To this day, I am not certain that this was

not a mistake of the newspapermen. But I fear they did not make a mistake. What kind of market survey gave Meblo the go-ahead to set a price of 800 million dinars? Will it sell even one such set of furniture? If it is counting on the very small market of the really rich—there are such people—it should have known that people that rich already have furniture. And if they are going to buy it, then they will be looking for quality. Accordingly, when they set the price at so many million, the people in Meblo allowed themselves to head directly for a loss. Of course, then the question arises not only of production and working capital, but also of paying the workers, which is the key thing for any enterprise. But, as the folksaying goes, if the rabbit did not have fast legs, he would not lie by the road, which is to say that if the people at Meblo were not counting on some kind of resources from government funds or other funds, then they would not undertake such a thing, but would reduce prices in order to realize at least some turnover on the market, since even that would be better than keeping the goods in the warehouse. What, then, is the goal of such enterprises? Obviously, not the realization of profit, but preservation of the status quo, preservation of existing production, and satisfaction of the basic needs of the workers, that is, paying wages. The objective, then, is to maintain social peace: survival of both the workers and the enterprise.

DANAS: Is there something the FEC could do or measures it could adopt that would bypass that elite in the opstina?

Zupanov: Can the government prohibit the republic or the opstina from rescuing Meblo? No, it cannot. So, the government's expectation that some kind of anti-inflation measures will succeed in reducing inflation will obviously be disappointed. Until the goal of the enterprise is profit, it is not possible to get out of this situation, at least not in the direction of a market economy. And here there is a great misunderstanding. The FEC is at the center of that misunderstanding. It makes its moves as though the Yugoslav economy were a market economy and a private economy, that is, as though it would be restructured in the direction of a market economy and private economy. However, our economy is standing very firmly on its old positions. It continues to be what is called a planned economy. At the same time, the government is exposed to pressures from certain quarters, that is, the republics, pressures for Markovic to "lower his sights," that is, let him behave on the assumption that the economy is a planned economy and will remain so. Because of that premise, because of that misunderstanding, Markovic's government will not reduce inflation even by 1 percent, but rather it will have to withdraw sooner or later.

DANAS: You are obviously convinced that socialism cannot shed its ideological shell and behave in an economically rational way. Nevertheless, what has been happening in Poland furnishes hope that a step away from the traditional is possible?

Zupanov: The changes in Poland are indeed an interesting development of events, since up to now there has never been a leftwing dictatorship that relinquished its position to a bourgeois democracy. That still has not happened with leftwing dictatorships. It has with rightwing dictatorships. That has been the case in Spain, Greece, Portugal.... However, the big question is what the new government will do with Poland's economy. The economy is still in total chaos, and the question is whether the Western saviors will open up their treasury and furnish \$10 billion so that Poland can develop in the direction of a market-oriented and private economy. If it is not successful in that regard, the formula from Tian Men Square will fully apply in Poland as well. For the moment, I give Poland a 50-50 chance. The chances are even that the Poles will really exceed and completely change the socioeconomic system and that the "healthy forces," with "help from outside" (since it also has to be assumed that perhaps even Gorbachev will not stay in power), will put everything back where it once was. It should be borne in mind that the workers will probably wait 5 or 6 months for the situation to improve, but unless something essential changes in the economy and there is a turn for the better, those same workers will turn against Solidarity and Lech Walesa, since many will feel, for instance, that they did after all live better 20 years ago than they are living now. Nevertheless, whether the reforms in Poland succeed or not, the consequences will be great in any case.

DANAS: What are Yugoslavia's prospects in view of all that?

Zupanov: I think our prospects are not as good as those of the Poles. As for the change in the socioeconomic system, there are actually no prospects whatsoever. We can expect regression and repression with a very high probability. It is difficult to say in what manner this will occur. The only thing that is certain is that it will be in a much different form from what has happened in Poland; because of Yugoslavia's multinational heterogeneity. I will not get into how it will happen, but it will happen. And it will even happen rather quickly. If not this year, then certainly next year will be the "year of the denouement."

DANAS: Does it not seem to you that limits of social endurance have risen, that in a way the facts of transformation of social dissatisfaction into ethnic dissatisfaction have been cemented and that the cement of the entire system is actually quite reliable?

Zupanov: Today, for example, you can point your finger at the so-called northwestern republics, which are allegedly taking bread away from the hungry Montenegrins. But that kind of manipulation can be of help only until you bring Croatia and Slovenia into line in the context of real socialism. When you have set even them to rights, if I might put it that way, when, that is, they can no longer "plunder" those in the southeast, in that case someone will again have to appear before the workers to explain that once again there is nothing, that once again they are

living badly, as a matter of fact, worse and worse every day. In that case, that ethnic "cement" will give way.

DANAS: Everything you have said so far indicates regression as to civilization, a return to where we started. Does that mean, then, that the revolution had no meaning or any justification at all?

Zupanov: Well, if the revolution had to be carried out to get us in the situation we are in today, it would have been better without it. The Swedes have not had revolutions, and they are living much better and are much closer to the new postcapitalist society of the future than we are. For instance, we could justify the revolution in terms of industrialization, although the leading countries industrialized without revolution. But we were able to say that here, you see, in our country it did not happen without a revolution, so that we had to pay the price to become an advanced industrial country. But if we have not become such a country, then what purpose did the revolution serve? Would it then not have been better without it?

DANAS: You were a member of SKOJ and a Partizan, surely you believe in the justice, equality, and progress that were to come. Is not all that has happened to the great collective utopia in a way your own failure as well?

Zupanov: That is a question difficult to answer. But I would still say something. If it were now 1941 and I was 17 years old, as I was then, I would probably behave in the same way. That, of course, does not change the awareness of a great failure. It is difficult to drive away and avoid the sense of failure, although, as I say, I do not

believe that even today I would have behaved differently. It was simply that kind of time, a time of belief. What is more, there was also a basis for the belief at that time. The party and the liberation movement were very effective, and there were no reasons to doubt that after the war it would be different, in particular there could not have even been a suggestion that everything of which we are witnesses today could happen.

DANAS: Are you still in the party?

Zupanov: Yes. In my psychological field, to use the language of Gestalt psychology, there are two vectors or lines of force: on the one hand, the scientific habitus of the sociologist, and on the other, the emotional charge of the SKOJ member. As a scientist, I am inclined to view social and political events as natural processes which should be rationally understood and explained, without emotion—as the Latins would say, *sine ira et studio*; but as a SKOJ member it is difficult for me to reconcile myself to the idea that my commitment to the revolution throughout my life has actually been a great mistake. The resultant of those two vectors is a status quo—staying in the party.

DANAS: How long will that status last?

Zupanov: Until the LC utterly loses its original revolutionary identity—and that perhaps means until the 14th Extraordinary Congress.

DANAS: Will that also be a formal termination of belief in socialism as we know it?

Zupanov: Yes. That will be the end.

HUNGARY

Past, Present Economic Advisers Interviewed

Havasi Recalls 'Crises'

25000444 Budapest HETI VILAGGAZDASAG in
Hungarian 2, 9 Sep 89

[Interview with Ferenc Havasi, former deputy prime minister and former MSZMP CC economic secretary, by Rita Bozzai and Zoltan Farkas: "At One Time We Even Sold the Gold; The Things That Happened Still Puzzle Me"; date and place not given]

[2 Sep pp 78-79]

[Text] During this decade the Hungarian economy has been stumbling from one crisis to another. These days, talk is once again about using up the last emergency reserves. For this reason it should be of interest to recall the beginning of the decade, the time when the crisis wave began. What was the status of the state's purse at that time? What did party leaders envision as a way out? What kinds of internal and external debates accompanied the "crisis management" of those days? In our two-part interview starting in this issue, Ferenc Havasi (age 60), a former deputy prime minister, and Hungarian Socialist Workers Party [MSZMP] Central Committee [CC] secretary responsible for economic affairs from 1979-87, will discuss the concerns of those days. The interview segment is part of the author's book entitled "Credit Crisis," to appear on book stands in September.

[HVG] In those days the sixth 5-year plan applicable to the period between 1981 and 1986 called for refinancing of credits amounting to between \$8 billion and \$10 billion, and the replacement of old credits with new ones. Accordingly, the total amount of indebtedness during those 5 years was not supposed to increase, and not even installment payments would have to be made. The planners felt that this would be the way to finance the plan. And then everything took a different turn in 1982. At one point there was no more credit.

[Havasi] I believe, however, that we accomplished more or less everything we planned in the course of the sixth 5-year plan. We took out loans amounting to \$2 billion annually, and repaid 2 billion—we had \$10 billion, made up of 5 times \$2 billion.

[HVG] But by 1982 the magnitude of the danger was visible!

[Havasi] It would be worth our while to also consider the antecedents of the 1982 crisis. The second oil explosion occurred in 1980. The price of oil rose to \$35. There was a series of international political conflicts. An emergency situation was declared in Poland. A war broke out between Iran and Iraq, and before the war that region had constituted an important market for Hungary. They also began to purchase less. It was then that Reagan became President.

[HVG] And there was Afghanistan, and the international effects of that....

[Havasi] The Soviets marched into Afghanistan toward the end of 1979. A plane was shot down, and a very serious international scandal ensued. Taken together, all this proved to be too much! Due to political reasons a credit embargo was enforced and so were a number of commercial restrictions. This touched upon some sensitive points for socialist countries. In the end, depositors withdrew their money from banks in Hungary.

[HVG] How much did they withdraw from Hungarian banks?

[Havasi] More than \$600 million within a few weeks.

[HVG] Who did that?

[Havasi] All the Westerners and the Arabs, but the socialist countries, the Soviets themselves, also withdrew their money.

[HVG] Did the Soviet Union provide some explanation for withdrawing its money?

[Havasi] They needed it, they said. The sixth 5-year plan was complete, and it was approved by Parliament in December 1980. Then in February 1981 we received the Brezhnev letter according to which we would receive 1.5 million tons less oil, because the Soviet Union did not have enough and because they had other obligations. This amounts to more than 10 percent of the Hungarian oil contingent. In vain we said that that was impossible and that we had a contractual agreement. It was possible, nevertheless.

[HVG] What took place during that close to 1-year period when you were unable to obtain credits?

[Havasi] Let's compare that to the present situation. At this time we have more than \$2 billion dollars in foreign exchange reserves. At that time the reserves had decreased so far that we dropped below \$200 million.

[HVG] Therefore, from a practical standpoint only the gold reserves remained available.

[Havasi] The gold was already sold! At one point we sold even the gold. Then we repurchased it.

[HVG] What could you have done with \$200 million?

[Havasi] Virtually nothing. We would have been finished if any one of the banks had called us to say "please pay up; we have lost confidence."

[HVG] How did you survive that situation?

[Havasi] Hungarian bankers took short-term loans on a daily basis and made payments. In other words, they repaid any amounts that were overdue by using 1- or 2-day credits. All the competent people we had were directed to deal with one or another market or bank; they received loans individually amounting to between \$20

and \$30 million. There were some that had to be repaid in 2 or 3 weeks, because at that point those funds meant a lot to us.

[HVG] The nation knew nothing about this payment crisis. True, at one point there was an extraordinary price increase. Suddenly the forint was devalued. Accordingly, certain drastic economic measures were instituted, but no reason was given. Why didn't anyone give an indication that the country was in danger?

[Havasi] Very simply because in those days the prevailing concept was that it was not worthwhile to burden people with things they could not change. But this kind of talk could be understood by no more than 10,000 people in the country. What could the man on the street do about an indebtedness of this size? They cannot take out loans!

[HVG] In remarks made at the opening of the 1982 academic year at the University of Economics you stated that you succeeded in preserving solvency. But this was also the kind of talk that could be understood by 10,000 people in the country, at most. Only those 10,000 could tell what the country has survived, what kind of summer we had.

[Havasi] Actually, we would not have survived had we not joined the International Monetary Fund. Only after a very great debate did we apply for membership in November 1981. I need not tell you that this was a political debate about whether Hungary, a socialist country, could take this step. Prior to that we visited Moscow for consultations.

[HVG] Did they approve our joining the IMF?

[Havasi] They did not. Kosygin was prime minister. In the course of consultations we were told that "the IMF is in the hands of American imperialism, and it is a very important weapon of American imperialism. There is not a single country in the world they have helped to stand on its own feet. They only dictate what countries should do. They establish conditions." Accordingly, Kosygin's people did not recommend that we join, but the decision was ours, and if we decided to join, we would do so on our own account.

[HVG] In the end, by joining we succeeded in surviving the most difficult months.

[Havasi] We were admitted in May 1982, and by late 1982 we had received the first loan. This is essential, because already in May the IMF spread the word that it would provide credits to Hungary, and at that point the attitude of the rest of the banks also changed. At that time BIS, the Basel Bank of International Payments, helped us. And as soon as banks realized that the Hungarians would become members of the IMF, they were more confident in things turning to the better. On

the other hand, we were supposed to pay our admission dues at the time we received notice of admission to the IMF. It turned out that we had no money to pay those dues.

[HVG] Who provided loans?

[Havasi] Those with whom we were on the warpath. Few people know about this. We requested money from the Chinese. They gave us \$100 million.

[HVG] I guess this was because they are also members of the IMF.

[Havasi] Yes, but in the meantime we experienced great pressure to terminate commercial and economic relations with China. That was the time when the war between China and Vietnam was going on. And we could thank the bankers for those \$100 million—Janos Fekete's group had personal acquaintances, connections in China.

[HVG] At any point in your career, did you notice that IMF leaders exerted any pressure on Hungary or forced us to do anything.

[Havasi] No. I met very many IMF people in the United States, including the head of the IMF. I must say that they are excellent professionals. I wish our Ministry of Finance would have professionals like they are! They always told us to recognize that their organization would not be able to provide money to be consumed by the populace. "It is your job to establish balance through price increases or through a greater national income," they said. They are aware of the fact that no country is able to perform miracles; everyone had to touch both consumption and production, and had to establish stringent financial management.

They figured that in the long term every socialist country would become a member of the IMF. They told me so at that time. They also added that it was very important how the IMF treated Hungary, because they knew very well that prospective members would look at the Hungarian example first. Accordingly, they were treading softly and tactfully. True, their rules are very stringent, but they receive money from banks throughout the world, and if they provide loans, they do so for developmental purposes only.

[9 Sept pp 62-63]

[Text] "The prevailing concept was that it was not worthwhile to burden the people with things they cannot change," Ferenc Havasi, former deputy prime minister and CC secretary, said in part one of the interview that appeared in our last week's issue. In our continuing interview we will once again talk about matters which in their own times were meant to be talked about only in closed professional circles: Why was the leadership so late in recognizing the crisis, and why did the leadership react with so much hesitation? In the interview presented in its full length in the authors' book entitled

"Credit Crisis," to be published this month, a series of statements appear which most certainly surprise many people involved. Bad plans were never ordered by the political sphere....

[HVG] In 1975, when you were deputy prime minister, debate about the amount of credit we should accept became more serious. After all, this country was far from being overly indebted.

[Havasi] I am not familiar with those debates. At the time I went to work for the government, the fifth 5-year plan was substantially complete; it was accepted by Parliament toward the end of 1975. The concept of the plan is publicly known: Strong dynamics and the rapid growth rate were to be maintained. In addition, the plan called for increased consumption.

[HVG] The source of which was foreign credit?

[Havasi] No. According to the plan we should have achieved an annual 3- to 4-percent increment in the national income. This was and should have been the basis for increased consumption. You can check this out through figures on the fifth 5-year plan.

[HVG] But then, how did the \$2 billion credit assumption turn into an \$8 billion gross indebtedness by 1978?

[Havasi] There was only 1 year in which we were unable to fulfill the plan the way we wanted to. Even if the plan was fulfilled from a quantitative standpoint, the qualitative and financial indexes were not fulfilled. [as published]

[HVG] Accordingly, would you say that only the quantitative projections of the plan were fulfilled, while indebtedness doubled virtually every year? Was there no one to suggest that the goals be reduced?

[Havasi] Yes there were some. But in the consciousness of the leadership the assumption that the global economic crisis would pass over socialist countries prevailed for a long time. Rezso Nyers was still in power when he said that the inflation could be stopped at Hegyeshalom. The majority of Hungarian economists also held that position. The first notice appeared in the Christmas, 1974, issue of *MAGYAR NEMZET* in an article written by academician Jozsef Bogнар. He was first to write that the crisis was not a temporary phenomenon, and that the socialist world would not be able to avoid its ripple effects, and that we were witnessing the beginning of a change in global economic eras.

[HVG] Well, it seems very odd that Hungary's deputy prime minister, who dealt with industry and production, in the end learned from a daily newspaper that we were experiencing a changing of eras.

[Havasi] In 1974 I was still a county first secretary. This article caught my attention because, having come from Komárom County, we had constant arguments with the oil people.

[HVG] Of course, because you people in Komárom County were forcing the acceptance of the Eocene program?

[Havasi] At that time there was no Eocene program. It was prepared, but it was not there. On the other hand, the olefinic program was being built, as if nothing had happened in the world.

[HVG] Why couldn't a planning office chairman—in your days Gyorgy Lazar, Istvan Huszar, Lajos Faluvegi, Laszlo Marothy—suggest not building a power plant, or not joining a CEMA investment?

[Havasi] Of course he could have done so because, regardless of whether he was or was not a Politburo member, the chairman of the planning office was considered the most influential person. There was no force that could have changed his decision, if he had said "no" to something.

[HVG] In the end, who came to his right mind concerning the economy, and when?

[Havasi] I was already a CC secretary in 1978. At that time I learned from bankers that they were preparing a conception. They mentioned the names of Miklos Pulai, Imre Tarafas, Ede Bako, Tamas Bacskai, and Janos Fekete. Within the party's economic policy division Janos Hoos dealt with this matter, and in the Planning Office it was Akos Balassa, the head of the economic division. They developed a plan which showed how we could abandon the usual track, the monotony of annual plans, and bring about change. It became increasingly clear that economic and financial bankruptcy would be even greater if we continued with the fifth 5-year plan the way we were going. I was told in the spring of 1978 to begin preparing the terrain in the Political Committee.

[HVG] And how did they react?

[Havasi] The Political Committee received the material with a terrible sense of aversion. The material raised the issue that a large part of Hungarian large enterprises was losing money. No one believed this at the time. They said that the calculations were wrong.

[HVG] Nevertheless, later on these ideas penetrated. True, despite this fact the new 5-year plan began in 1981 by proclaiming that "we will preserve the standard of living." Two years later the same sentence appeared in the imperative on the cover page: "Let us preserve the standard of living!" This foreshadowed what was to come later; for the first time since 1956 the standard of living declined in 1982. This was the price to be paid for avoiding a debt crisis, and preserving our solvency.... What did you think about in those days? How would you proceed?

[Havasi] The issue of whether it was appropriate to consider the preservation of the standard of living as a goal was the subject of debate. Quite a few professionals felt that at first the standard of living would have to be

reduced, and that thereafter the reduced level could be protected. This is what we wanted to accomplish.

[HVG] Who are "we"?

[Havasi] Those of us who dealt with economic policy. The politicians also agreed that temporarily everything should be subordinated to the balance situation, everything, including production and distribution, and that we should utilize those few years in which we managed to survive this way for the establishment of conditions for vigorous progress later. This was actually the philosophy of the sixth 5-year plan.

[HVG] On this basis, did you believe that beginning in 1986 and 1987 you could accelerate?

[Havasi] Lajos Faluvegi, together with the then prevailing leadership at the Planning Office, swore that this was included in the plan. They said that during the final 2 years of the plan in particular a 3-percent growth rate could be achieved, and at that point the living conditions could also be improved. True, social pressure on the leadership was great, and one could not say at the party congress that conditions could only improve in 5 years. The political sphere was simply unable to perceive this situation.

[HVG] On the other hand the reality is that in 1985 and the following year the indebtedness doubled.

[Havasi] Just exactly what took place still puzzles me. The things one is able to gather are that our 1985 loss on capitalist exchange rates amounted to 7 percent, and even without that, foreign market conditions evolved unfavorably. In Hungary 1985 was marked by a high degree of purchasing power outflow on the part of both the enterprises and the populace. It is also evident that at a time when the dollar was devalued, our indebtedness expressed in dollars increased. In other words, some 30 or 40 percent of our incremental indebtedness consists of such "fictitious" increments. But, all things considered, there is a shortage of at least \$1.5 billion for which I have not found a cause, even today.

[HVG] Would it be possible that a lot of money was spent on export financing, but later the value in exchange was not received?

[Havasi] Retroactively, until 1987 we were able to find bad debts owed to us in the amount of only \$300 million.

[HVG] How do you see it today? What and who is the reason for the accumulated indebtedness?

[Havasi] I have been thinking about this a lot: where were the loans spent, and why. The MSZMP, and in my view every Marxist party which operates with a missionary concept, likes to distribute, so that everyone feels good. These parties are not aware that such sharing cannot go on infinitely. This applies in Hungary as well as elsewhere. This is what leads to indebtedness.

[HVG] In other words, in the final analysis the political sphere caused the indebtedness?

[Havasi] That is not true! Generally speaking the political sphere accepted plans submitted by planners. It did so with more or less debate and changes, but the basic concept always remained what the planners put together. I can only say that contrary to the reasoning presented by the government, the Academy of Sciences, and the Planning Office, the political committee has not accepted a single large investment, neither Tengiz, nor the Eocene program. These recommendations were not hatched in the nooks of the political sphere.

[HVG] If the decisionmaking mechanism was this multifaceted, from where did the decision come not to publicize data concerning the country's indebtedness until the Grosz government emerged?

[Havasi] In comrade Kadar's view this was a state secret, and it should be treated accordingly. He said that it is one thing for the Americans to say how much money we owe, and another for the government to admit how much it owes. In addition, since no socialist country publicized such data, he did not want to fall out of line.

Antal on Current Conditions

25000444 Budapest HETI VILAGGAZDASAG
in Hungarian 2 Sep 89 pp 4-5

[Interview with Laszlo Antal, chief of the economic policy secretariat of the government, by Richard Hirschler: "Conversation About Governmental Intentions: Forint Damage Exchange Rate" (play on words); date and place of interview not given]

[Text] How can the Nemeth government plan ahead even for a year, when it is expected that its mandate will last only until the elections, perhaps only until December? The chief of the government's economic policy secretariat, Laszlo Antal, responded to our reporter's questions on this and other issues.

[HVG] According to information we have received, some ominous clouds are gathering on the economic horizon. The balance of payments shortage is approaching the \$1.5 billion level, and after a temporary improvement, the budget deficit has increased once again. New consumer price increases are announced virtually on a daily basis. The buying up of dollars, marks, and other Western currencies signals a feeling of general uncertainty. Is there anything left for the Nemeth government to have confidence in?

[Antal] Well, the picture is not that bleak. The budgetary deficit for example is evolving as planned, tax revenues in July increased suddenly, and foreseeably by the end of the year we will not have exceeded the 21 billion forint deficit projected in the modified budget program. According to our expectations we will be able to achieve a record level in Western exports—\$6 billion for this year. Despite this fact, the balance of payments shortage

is indeed disturbing. In my view the shortage will level off around \$1 billion by year's end, and this will far exceed the level the International Monetary Fund expects from us. Thus we will have to resume from an unfavorable position the broken off negotiations with this financial institution.

The buying up of foreign exchange by the populace causes problems for the government. Behind this buying up spree merchandise purchases no longer play a dominant role, instead it is attributable to accumulation, the preservation of the value of fortunes and smaller savings. The forint is beginning to be relinquished as a means of payment among enterprises; having no better alternative, an increasing number of enterprises pay with merchandise for merchandise, or they will stand in line. An increasing number of enterprises are standing in line, meaning that they wait for the satisfaction of their just claims by their customers. According to assessments there exist between 60 billion and 80 billion forints worth of bad debts. And if confidence in the forint is shaken on a broad front, this may disintegrate market conditions, which are fragile anyway.

[HVG] Let's stick for a moment with the balance of payments. Sales to the West are on the increase, the exchange ratios have improved in a spectacular fashion, and Western tourists are flooding Hungary. This question may arise: How large is the balance of payments deficit going to be if these favorable processes break down?

[Antal] The present unexpected outflow of dollars was caused by an unprecedented number of requests by the populace for foreign exchange, the kind people are entitled to receive once every 3 years. This year, this action drained our foreign exchange reserves by \$600 to \$800 million. By now, exchanging forints for dollars has become a trade, it is a profitable business. The "professionals" go to the villages, they collect passports in a systematic manner, and since the National Bank has made things more stringent, they "present" the owners of passports at places where money can be exchanged.

[HVG] Since on the black market the dollar and other Western currencies cost 50 percent more than the official rate, this is indeed a profitable business for those who acquire foreign exchange in this way. Considering this situation, isn't there a general, large scale forint devaluation among this year's plans?

[Antal] In Hungary the effect of a drastic devaluation would penetrate the economy in 6 months to a year, and we would be at the same place where we started. One should not play with the fire of inflation. The situation would be different if fiscal regulations exerted a greater force, if the market functioned in a better way.

[HVG] And yet, what measures is the government considering, knowing that beginning in mid-September everyone will be able to launder his foreign exchange clean, meaning that they can deposit foreign exchange into uniform foreign exchange accounts without being

asked how that foreign exchange was acquired. Wouldn't the payment discipline assume a "Polish character;" will merchandise be exchanged for dollars only?

[Antal] No decision has been made yet. In my view the proper concept would be to permit stowaway foreign exchange in the hands of the populace to surface in the form of bank deposits paying an attractive interest rate. At the same time the possibility of imported foreign goods ending up in dollar stores should be eliminated. In the dollar stores these goods may be purchased at a more advantageous price because these goods are exempt from duty and enjoy favored treatment. It is my view that conditions equal to the discontinuation of customs duty and other advantages must be established in commerce.

[HVG] Should this be understood to mean that you would, for instance, discontinue the preferential treatment of imported cars as far as customs duties are concerned, and you would impose general sales taxes on these as soon as possible?

[Antal] I do not deny that in the course of preparatory debate I agreed with this viewpoint, even though this would undoubtedly have some backlash.

[HVG] Of course not only the dollar is causing concerns—there is not enough of it. At the same time the country is almost drowning in a sea of rubles.

[Antal] Maintaining the 800 million surplus ruble level that resulted from Hungarian-Soviet trade during the first half of the year, even until the end of this year, would be impermissible. For this reason our plans call for enterprises delivering to the Soviet market over and above the contingent, trying to get rid of the rubles they receive; let them sell these rubles at the ruble exchange to an enterprise in need of Soviet currency. It is certain that prices below the official exchange rate will evolve on the ruble exchange.

[HVG] Once again the government is trying to save what can be saved, to get beyond the repeatedly recurring crisis situation. But there is too much haste, too many contradictory statements, postponements. On occasion one feels that this government is not in charge of its own actions.

[Antal] What you just said is an exaggeration. I could tell you about specific results, such as the development of the budgetary package plan and import liberalization. It is true that we did not succeed in improving competitiveness in the processing industry. The government consistently retreats vis-a-vis enterprises experiencing a critical situation; it is characteristic that the government commissioner at Ozd returned his mandate without performing his job. We must stand up against too many interests, against the interests of the party apparatus, of enterprise managers. The losing enterprises could be salvaged, but one thing is for sure: Their leaders should be removed without mercy. I believe that one should expect a radical economic turnaround only after the democratic elections, by using government policies

stronger than the ones applied before. This is one reason why I believe that elections should be held as soon as possible.

[HVG] Yes, but here I sense a serious contradiction. In the event that elections are held this year, the present government could be called a breach government, because it may not survive until Christmas. It is conceivable that in the course of elections the MSZMP would receive so few votes that an opposition politician would form a government, and at most the MSZMP would play a role as a partner in a coalition. Perhaps a government of this kind would pursue a completely different economic policy than what the present economic policy conveys, if it conveys anything at all. And if Miklos Nemeth will not be the prime minister, how can you seriously negotiate about implementing plans, even if those pertain only to a period of a few months?

[Antal] First of all it is not certain that in the new democratic government the head of government will change. According to public opinion polls, quite a few politicians, among them Nemeth and Pozsgay, enjoy great popularity, while the MSZMP's is low. The October party congress will reveal whether the MSZMP or its successor will succeed in accrediting itself. I consider the ideology of original sin to be dangerous, identifying the present MSZMP with the events of the past 40 years, although it is true that to this day the party leadership has not removed itself consistently from those events. On the other hand, "navigare necesse est," we must sail on. It is likely that in the fall the government will propose an economic program, which will be a 12-month program in reality, and the outlook for 2 more years. Doubtless the government is provisional in the sense that it cannot fundamentally rearrange the existing interest, power, income, and prestige conditions. But within its program it can define its positions concerning proprietary reform, the stock and commodities exchange, banking relationships, budgetary reform, the distribution of residential dwellings, and social policy.

Even an opposition government can act only within a defined area of mobility. Thus, for example, with an \$18 billion debt burden on our shoulders, it would have to obtain a \$3 billion foreign loan annually, just to pay the principal and interest due. Anyone who accedes to power will have to start by providing ownership to state property, and must implement measures that encourage entrepreneurship in order to secure domestic and foreign capital. I also agree with opposition views which hold that there is no such thing as a socialist or a capitalist market economy. The market is the market. At best, only retroactive corrective mechanisms can moderate income differentials, and the social safety net should be spread the way it is in Western democracies. And I believe that reformers, regardless of party allegiance, profess that the next government must pursue politics in a credible manner, that it must get rid of MSZMP and trade union apparatuses without mercy, and that it must transfer a large part of the MSZMP's assets into social property. If

the future government does not enjoy the people's confidence, the view that the leaders only protect themselves, that they guarantee only their own prosperity, and that they make the people pay for the economic policy mistakes, and to top it off, the fact that they call this reform, will continue to prevail.

POLAND

American Professor Discusses Debt Restructuring Chances

90EP0011b Warsaw RYNKI ZAGRANICZNE in Polish No 96, 12 Aug 89 p 3

[Interview with Professor Benjamin J. Cohen of the Fletcher School of Law and Diplomacy, Massachusetts, by Edmund Pietrzak: "Poland Would Be a Good Customer"; date and place of interview not given]

[Text] [RYNKI ZAGRANICZNE] The indebtedness of many Third World countries, as well as of certain others, has been steadily rising since the late 1960's. This is resulting in a growing number of projects designed to halt this process. Do you believe that the indebtedness problem can ever be solved?

[Cohen] I definitely believe so. At the same time I realize that foreign indebtedness is one of the most difficult problems facing the world.

[RYNKI ZAGRANICZNE] All the plans for solving this problem, offered following the financial collapse of Mexico in August 1982, acknowledged the great difficulty of finding an effective solution, and not one of them has been successful. The debt crisis, with its numerous political, economic, and social consequences, has never before been as remote from being solved as at present. What are the reasons?

[Cohen] The key to mastering the situation is perceiving the fallacy of the binding and eminently ineffective strategy for surmounting indebtedness, which may be defined as a strategy of restraint. This strategy must be fundamentally altered. Its basic fault is the stubborn faith of creditors in the fallacious idea that the debt crisis is merely a short-term liquidity problem of debtors rather than a question of their longterm economic solvency. But that is not all. After this idea is discarded, a second step must absolutely be taken, namely, the obligations of the debtor countries must be reduced. My concept of surmounting the debt crisis is based precisely on these two assumptions.

[RYNKI ZAGRANICZNE] This sounds very encouraging. But let me ask whether you mean that the debt problem should be resolved by reducing the foreign obligations of the debtors to zero or whether you mean something else.

[Cohen] The greater part of the existing debt will never be repaid. Besides, no one should entertain such expectations, just as it is not expected that the government of

the United States (or of any other country) will repay in toto its domestic debt. The crucial question is something else, namely, the debtor's ability to service his debt.

[RYNKI ZAGRANICZNE] Why do you feel that precisely your proposal will succeed?

[Cohen] As noted before, it is based on two principal assumptions. The first is that a definite majority of debtors are facing insolvency rather than a shortage of adequate liquidity. The second is that the existing strategy of "restraint" in reality dooms the debtors by markedly contributing to their economic stagnation and rising payment problems. The strategy of "restraint" should be replaced with one that would be based on reducing the burden of indebtedness felt by the debtors. Both assumptions should be considered in more depths.

The creditors treat most of the debtors as if these were merely experiencing a temporary shortage of cash whereas, in reality, the problem is that of overall solvency. The creditors believe that the longterm ability of the debtors to service the debt will remain basically intact, irrespective of the marked payment problems they are experiencing at present. What is more, and worse, the creditors seem to believe that the debt servicing burden felt so keenly by the debtors since 1982 is a component of their policy of adjustment, needed to improve their economic condition. Hence, the debtors are being told that patience in adhering to the binding rules of the game is the key to success. Sooner or later, the creditors believe, this policy of adapting the economy to new conditions will result in increased production and exports, and hence also in reducing the relative burden of the foreign obligations of the debtors, and perhaps also in triggering the influx of new foreign funds.

Such a way of thinking is totally erroneous and harms the interests of not only the debtors but the creditors. The point is that a majority of the debtors found themselves, owing to their adherence to the aforementioned rules of the game, stuck in the low-growth, high-debt service trap. For respecting these rules reduces the scale of investments in the debtor countries, because they are forced to curtail their investment outlays and raise taxes. As a result the investment rate in the most heavily indebted regions has dropped from about 25 percent of the GNP in 1982 to less than 15 percent at present.

[RYNKI ZAGRANICZNE] The view that the debtors found themselves in the trap you mention is not entirely novel. This low-growth, high-debt service trap had first been mentioned some 2 years ago.

[Cohen] I am not claiming that I am the first to have noticed it. But my proposal does not just reduce to acknowledging the existence of this trap. As I mentioned, it is equally important to reduce the debt burden weighing on most of the debtors. In my opinion, both the debtors and the creditors would be in a much better situation in the event that a strategy of counteracting the indebtedness by means of, precisely, a reduction in the servicing burden would be adopted. I attribute my belief

to the existence of a close relationship between the anticipated extent of debt servicing by a given debtor in the future and the nominal size of his current indebtedness. If that size is small, full payment of principal and interest can be expected. But the greater the debt the greater the likelihood of failure to service some part of it. A time may come when the continued rise in indebtedness makes it impossible for the debtor to repay his future obligations. And vice versa: reducing the debt burden would provide the debtor with breathing space. Then the creditors, too, would benefit substantially and, above all, they would have the opportunity to recover the funds they had loaned.

[RYNKI ZAGRANICZNE] The idea of reducing the debt burden will of a certainty please potential users. But are not you apprehensive that applying this idea to just one country, no matter how justified, may result in an avalanche of claims from other debtors demanding similar treatment?

[Cohen] To avert this, it is necessary to create a mechanism that would promote, on one hand, economic growth [along with] a reduction in the debt burden wherever this can be substantiated and, on the other, retaining under control the process of reducing the debt burden.

[RYNKI ZAGRANICZNE] Do you have an idea as to what such a mechanism would be like?

[Cohen] Yes. A precedent is offered here by Chapter 11 of the United States Bankruptcy Code. Similar law codes apply in other countries with market economies. Essentially, Chapter 11 provides that debtors who are unable to meet their contractual obligations have the right to appeal for protection from creditors in order to improve their situation and work out with creditors the terms of an agreement providing for such an improvement. All this must be done under court supervision.

The legal basis for reducing the debt burden is the contract theory, according to which the terms of a contract should be altered, instead of met, if, owing to circumstances that could hardly have been foreseen at the time the contract was signed, its fulfillment presents to the debtor unexpected and substantial problems. In such cases, rigid insistence on fulfilling the obligations would fundamentally reduce the debtor's ability to pay.

[RYNKI ZAGRANICZNE] The United States Bankruptcy Code represents a domestic legal solution for precisely that country. How then could it be used on the international scale?

[Cohen] Chapter 11 of that code could serve as a kind of model. Besides, let me point out that nearly every country with a market economy has a similar code. The point is to adapt some solution applying in one country or another.

I feel certain that the best way of accomplishing this goal would be to establish the IDRA, i.e., the International

Debt Restructuring Agency. The functions of that institution would resemble the functions of the bankruptcy court as specified in Chapter 11. The IDRA would be a forum for working out negotiated solutions of payment problems on the basis of the individual consideration of every case so as to best meet the interests of creditors and debtors. The formation of the IDRA would mean replacing the current chaos in debtor-creditor contacts with orderly procedural rules and explicitly defined rights and duties of both parties.

[RYNKI ZAGRANICZNE] I have doubts about the relevance of establishing a new international financial institution, considering that the International Monetary Fund, the World Bank, and the Bank of International Settlements in Basel may act in the capacity of the IDRA.

[Cohen] I do not agree, for two reasons. First, the international institutions you named were not established with the object of resolving particular debt problems. More even, the policy of the IMF, which is based on stipulating demanding terms, conflicts with the principle of reducing the debt burden which, as I mentioned, is to be a major aspect of the activities of the IDRA. At the same time, both the IMF and the World Bank can markedly contribute to a functioning of the IDRA that would be consonant with the interests of the international community.

Second, although the IDRA's operations are to concern a world-scale financial problem, such an institution would not be of a purely financial nature in view of the aforementioned similarity of its functions to that of those of the bankruptcy court set up by Chapter 11.

[RYNKI ZAGRANICZNE] What powers should the IDRA be endowed with? Would it be an institution similar to the International Tribunal of Justice in the Hague?

[Cohen] The IDRA would function like the International Tribunal of Justice, although it would not have judicial powers. It would act as a mediator. Its more specific purposes would include: the formation of appropriate committees representing the creditors after a plea is submitted by a debtor; the preparation of a timetable for the provision of information on the initial negotiating positions of the concerned parties; and analysis of the economic and financial situation of the debtor with the object of obtaining a common database for the creditors and the debtor. These are the minimum objectives. In addition, the IDRA could determine in the most neutral manner possible whether a given country is indeed facing insolvency or whether it is merely experiencing liquidity problems. Further, the IDRA would be authorized to draft its own versions of agreements between the debtor and the creditors, be endowed with powers of imposing an agreement in the event that negotiations end in a fiasco, and also with powers to supervise the debtor's economic policy to assure that the terms of the adopted agreements would be implemented.

[RYNKI ZAGRANICZNE] Were the powers of the IDRA limited to the minimum objectives you mentioned, its activities would be ineffective, in my opinion. But should it also have the additional powers you also mentioned, and in particular, should it have the power to impose agreement, it would not be a mediator but an arbitrating institution.

[Cohen] I would not object if the IDRA were to be turned from a purely mediating institution into an arbitrating one, the more so considering that as a mediator it would indeed be unable to assure the success of the negotiations. As the saying goes, practice is the best test of theory, and hence the IDRA might commence operations as a mediating institution but subsequently, if that turned out to be insufficient, its powers could be expanded.

[RYNKI ZAGRANICZNE] The idea of reducing the debt burden is undoubtedly a highly attractive part of your proposals. But it would be an extremely difficult project to translate into reality in view of the conflicting interests of the creditors and the debtors. Could you suggest some actions that would assure an orderly and just application of the principle of reducing the debt burden under the auspices of the IDRA?

[Cohen] A reduction in the debt burden would occur only when all the interested parties would agree that it is justified. The terms of the reduction would pertain exclusively to the terms that the debtor and a qualified majority of the creditors would agree on. The terms of the agreement would be supervised by the IDRA until such time when the credit standing of the debtor is rebuilt.

[RYNKI ZAGRANICZNE] What steps could be taken by the IDRA in the event that all or just one of the creditors outside that "qualified majority" are unwilling to respect the agreement and prefer to act on their own?

[Cohen] In this event, the "crackdown rule," contained in the provisions of Chapter 11, may be applied. Basically, it consists in forcing the "maverick" creditor to behave properly. Another possibility would be to grant freedom of action to a marginal creditor who is unwilling to accept the agreement, on condition that he pay a certain price by being deprived entirely or partially of the increase in the value of the debt owed to him.

[RYNKI ZAGRANICZNE] What would be the forms of the reduction in debt burden you are advocating?

[Cohen] Their list could be quite long, e.g., direct cancellation of part of the debt, reduction in the interest rate payable on current obligations, prolongation of periods of payment and waiting periods, "buy-back" at a discount and various kinds of swaps, "debt-equity," "debt-debt," and even a swap of the "debt for nature [in-kind commodities]" kind.

[RYNKI ZAGRANICZNE] Would the IDRA be an independent institution or a body more or less linked to the IMF and the World Bank?

[Cohen] Initially I had visualized it as an institution subordinate to the IMF and the World Bank. Now, however, I am increasingly inclined in favor of its complete independence. Its organizational structure should be as simple as possible. The IDRA should be managed by a small secretariat. Its core would be an extended panel of experts who would form committees dealing with particular matters.

[RYNKI ZAGRANICZNE] Who would come forward with the initiative of forming the IDRA?

[Cohen] It could be an international organization, e.g., the IMF, or the government of an important creditor nation, e.g., Japan or France.

[RYNKI ZAGRANICZNE] Could you name some country which, in your opinion, would be the first customer of the IDRA?

[Cohen] In my opinion, Poland. For it is facing the problem of longterm economic solvency rather than some medium- or short-term liquidity crisis. It also is, unfortunately, unable to cope with servicing its foreign debt. At the same time, the political and economic changes occurring in your country, including the recent elections legalizing the place of the opposition in the political system, are highly interesting and, in many ways, exceptional for the entire socialist world. All this should incline the West to make a financial effort on behalf of this country. If the Polish government's pledge to build political and economic democracy is supported by a marked reduction in the foreign debt burden, it can be expected that Poland will stand on its feet sooner than anyone is expecting.

[RYNKI ZAGRANICZNE] Thank you for the conversation.

Subsidy Cuts, Unpaid Obligations Threaten Winter Coal Supplies

90EP0011a Warsaw RZECZPOSPOLITA in Polish
4 Sep 89 pp 1, 2

[PAP Report: "Will There Be Enough Coal for the Winter?"]

[Text] In connection with numerous signals, the PAP reporter asked the spokesman for the Black Coal Community about the current financial situation of the mining industry and the attendant perils to the country's coal supply.

The financial situation of black coal mining is becoming precarious. The main reason is the failure of the State Budget to transmit coal subsidies in the amount calculated according to the principles defined by the minister of finance pursuant to the relevant decree. These arrears amount to 292 billion zlotys for June and July. This year the coal subsidy has increased markedly. The reason is the insignificant changes in coal marketing prices coupled with the marked rise in the extraction cost of coal, due chiefly to inflation. For example, during the first 7 months of this year the official coal marketing prices remained unchanged, but the coal extraction cost increased by 85 percent.

Subsidies for the mining industry ensue from the traditional economic policy of the state, which fixes the official coal marketing prices at a level much below the extraction cost of coal. For example, during the first 7 months of this year the average marketing price of coal offset barely 53 percent of unit production cost, not to mention the funds needed for maintenance and wages. During the same period the official average marketing price per metric ton of best-quality coal was 17,250 zlotys whereas for 1 metric ton of such coal Poland was getting abroad about \$80.00.

The blocking of the transfer of subsidies has resulted in a chain reaction in the form of problems with obligations and wages not only in the mines but also at all the economic entities tied to them. The mines' suspension of payments for supplies and services is resulting in, among other things, refusal to provide shipments of machinery, equipment, and materials, and interruption of important operations relating to mine maintenance, environmental protection, and housing construction. This is forcing the mines to rely on high-interest bank loans. Increasingly often, however, the banks refuse to grant these loans, on the grounds of that accounts cannot be cleared with the state budget.

The critical financial situation of black coal mining is compounded by the lack of payments for the coal delivered, especially from the biggest consumers; these arrears reach 50 billion zlotys. The biggest debtors are coke-oven plants and electric and thermoelectric power stations. All this is causing even now curtailments of coal extraction and threatening a further reduction in that extraction in the future.

In this situation, the coal industry is incapable of guaranteeing coal shipments to customers who are incapable of paying for them. During the coming winter this may cause hardly imaginable consequences to many Polish families and to the entire economy.

HUNGARY

Demographic Crisis Viewed in European Context

25000480 Budapest MAGYAR TUDOMANY in
Hungarian 7-8 July/Aug 89 pp 529-544

[Article by Gyorgy Vukovich: "Our Demographic Situation in an International Context"]

[Text] It is a platitude today to say that on top of everything else we are also faced with a demographic crisis. Still the issue needs to be addressed, for the concerns pertaining to our demographic situation are, in many respects, voiced differently from reactions to other crisis situations. Presumably—whether it is realized or not—this difference may be attributed to two causes. One is that what we are talking about in the long run is the very biological survival of our nation, of the Hungarian ethnic entity; the other is that so far we have essentially failed to influence the unfavorable trends, and that looking at things realistically, even significant improvements in our demographic policy can only have extremely limited effects in the future. For a long time now, our demographic conditions have been viewed with concern by many, who in various ways have also given voice to their complaints, and have tried to assess the causes that have led to the current situation. There are even those who have been looking to assign blame, and who occasionally have even claimed to have identified some of the culprits. Just concerns have also taken impatient manifestations. I believe that in the future we can expect even more heated debates on this issue, although in many cases these will be hindered by the different professional backgrounds of the participants and most of all by their incomplete knowledge of the field. These problems notwithstanding, the difficulties of our demographic situation must be addressed—this is unavoidable. In this paper I intend to sum up the chief characteristics of our current domestic demographic situation from an international perspective, and to predict the probable course of their future development.

The Composition of the Populace

On 1 January 1989, the country's population stood at 10,590,000 people, more than 120,000 people short of the population figure recorded during the 1980 census. Demographic declines in Western Europe are no longer considered extraordinary phenomena in Europe; during this period the populations of the United Kingdom and the two Germanies have all declined, while those of the other countries (e.g., Austria, Denmark) have all become stagnant. In addition, the demographic situation of several countries is such that in the foreseeable future, they may begin to stagnate and even to drop.

Also characterizing the period has been a decline in the ratio of the 14-year-old and younger category (from 21.9 percent to 20.8 percent), and an essentially unchanged ratio of young (15-39-year-old) and a slight decline in the

percentage of older (40-59-year-old) but still active individuals. The ratio of people over 60 has increased more significantly; while in 1980, this age group represented 17.1 percent of the total population, in 1989 this figure has risen to 18.7 percent. These ratios stem from our natural demographic turnover, i.e., from the changes and trends affecting the ratio of births and deaths; the role of emigration in Hungary's case has, until most recently, been negligible. It should be noted that a look even further back into the past would reveal even more marked shifts in the youngest and oldest age categories, as shown in Table 1.

In 1960, for example, the 15 and under category still made up one-fourth of the populace, whereas today it only represents one-fifth of the total, with the 60 and above category gradually approaching its ratio. Thirty years ago these percentages were still very far apart. The Hungarian populace, therefore, is definitely aging. The oldest is Budapest's population where the ratio of the 60 and above age group is now around 22 percent, while the most favorable age compositions are found in the provincial cities.

The general aging trend characterizing the populace is also discernible from the age composition of active earners. In that category, the ratio of young people aged 30 and under dropped slightly (by 1 percentage point) in the 1970's, and has declined more significantly (by 4 percentage points) since 1980; at the same time, the ratio represented by the 30-39 age group and the 40 and older category has gradually increased over the past one and a half decades. This may be explained by the entrance in the late 1970's, and especially during the years between 1980-84, into the work force of dwindling generations of young people born in the 1960's who could not completely replace the generations entering the older age group. As a result of this process, the ratio of 30- to 39-year-olds is currently already higher than that of the 14- to 29-year-old category (29 percent), in contrast to what we saw in 1980 when the ratio of the young age group (33 percent) still considerably surpassed the percentage of the 30 to 39-year-old generation (26 percent). Today, people in the working age categories of 40 and older make up two-fifths of all active earners, in contrast with the 38 percent they represented in 1980. (Table 2)

Among the European countries there are several whose ratios of young age groups (15 and under) are significantly lower than ours. These include Austria, Denmark, the United Kingdom, Holland, the two Germanies, Switzerland, Sweden, in other words, the most highly developed countries of the region. In these countries the ratio of elderly citizens is, to varying degrees, higher than in Hungary. Their age structures have developed similarly to ours, or to be more precise, Hungary's age structure has followed the pattern of the developed countries. The minor differences that exist are due to slight variations in the reproductive trends of these countries, as well as their considerably more favorable mortality rates.

In contrast, the populations of the European socialist countries—with the exception of the GDR—are much younger than that of our country.

The composition of the populace according to family status has also undergone significant changes in recent years. In the case of both sexes, the ratio of widows/widowers and divorcees has grown, while the percentage of married people has dropped significantly. This tendency has become predominant owing, to some extent, to changes in our mortality rates, and for the most part, to new trends in the development of our marriage statistics. The essence of this latter factor, to which we will return later, is that there has been a significant decline in the number of new marriages, while the divorce rate has remained consistently high. As a joint result of various demographic phenomena, including first of all the changing trend in marriage statistics, the composition of families has also changed. Between 1970 and 1984 (the year of the micro-census), the number of childless families had increased from 975,000 to 1,088,000 (by nearly 16 percent), while the number of married couples with children had dropped from 1,623,000 to 1,585,000. (These figures, of course, reflect the situation as it was at the time of the census, not the total number of children born to individual families.) At the same time, the number of families with only the father or the mother living with the child or children has risen significantly. In 1984, the first category numbered 68,000, the second 317,000.

Thirty-seven percent of the mothers living alone with their children were divorced, 35 percent widowed, 23 percent separated, and 5 percent unmarried. Nearly one-half of them fell in the 30- to 49-year-old category, but the number of mothers under 30 was also significant (18 percent). Nearly two-fifths of the divorced mothers were from the 30- to 39-year-old age group, meaning that they were raising children aged 15 or younger, while 45 percent of the widows were 60 or older, in other words, most of them were living with grown-up children.

Fertility

Over the past 40 years the development of birth statistics has followed a greatly fluctuating, but essentially declining trend. In this, i.e., in terms of these gradually declining statistics, our figures are similar to those of most developed countries. The drastic fluctuations in birth statistics, however, are for the most part unique to our country.

The exceptionally high peaks in birth statistics during the mid-1950's were, within just a few years, followed by an unprecedented large drop in the early 1960's; the ensuing and less and less volatile growth statistics had led to another peak in the mid-1970's, only to be followed by an, at first slow, then an increasingly more rapid, decline. The new low point was significantly lower than the drop we had seen in the early 1960's; in 1988, 124,000 births were recorded, the lowest number ever in Hungarian demographic history.

Viewed in the European context, Hungary's birth statistics do not rank unfavorably. In 1985, for example, our country's unadjusted birth quotient (i.e., the ratio between the number of live births and the size of the total population as determined in the middle of a given year) was 12.2 percent. Lower birth ratios could be found in Austria (11.5 percent), Belgium (11.5 percent), Denmark (10.6 percent), Greece (11.7 percent), the Federal Republic of Germany (9.6 percent), Italy (10.1 percent), and Switzerland (11.6 percent).

In some of the developed countries of the European region the birth rate, similarly to ours, has been very low; the corresponding numbers for the countries not listed here are also not much higher. The birth rate measured in the European socialist countries, on the other hand, has been higher in every instance—in some cases much higher—than ours; in Poland it has been more than 18 percent and in Romania nearly 16 percent. In 1985, the Soviet Union's birth rate was 19.4 percent.

Although lower and higher birth rate statistics do provide a certain basis for comparing countries, since the unadjusted birth rate reflects the joint effects of many different factors, it often obscures the actual demographic trends. The same holds true for temporal comparisons between ratios measured in the same country. The changes and fluctuations reflected in Hungary's birth rate statistics are by no means consistent with its changing fertility trends, for besides the level of fertility, the birth rate measured in a given year may also be influenced by the age composition of the female population (i.e., the ratio of women of childbearing age) and, to some extent, by the current marriage trends, just to mention a few.

The chief cause of fluctuations in our birth rate statistics measured over the past 2 decades has been the high percentage, during peak periods, of young women in their propogative age, e.g., the coming of childbearing age of the baby-boom generations born in the early and mid-1950's. The downward trend observed during the last decade has, to a great extent, been due to the waning of generations of young women of childbearing age, while at the same time it so happened that the unfavorable tendencies affecting fertility have also become more marked, particularly in the case of women aged 25 and younger.

Since the birth rate is fundamentally an exponent of fertility, it is the development of this factor which we will attempt to trace in this section. The most suitable instrument for this purpose appears to be the total fertility rate (TFR) indicator. This indicator denotes the average number per woman of all children born to women during the course of their propogative period, computed on the basis of birth rate statistics per age group compiled for a given year or period.

During the past 2 to 3 decades, birth rate statistics have significantly declined in the economically developed countries, and in the past 10 years, this process has even

begun to accelerate. In Hungary this is how the value of the indicator has changed over the past 4 decades:

1950-55: 2.72
1955-60: 2.21
1960-65: 1.82
1965-70: 1.97
1970-75: 2.08
1975-80: 2.11
1981: 1.88
1982: 1.79
1983: 1.73
1984: 1.73
1985: 1.83
1986: 1.83
1987: 1.81

In some of the developed countries we found much more drastic declines in fertility rates. The average value of the TFR for the 1950's and early 1960's was 2.7-2.8, while currently it is only around 1.9; this means that on the average women give birth to one less children than they did 30 years ago (Table 5).

If we look at the 1980's as a separate period we find that in Northern and Eastern Europe the situation appears to have stabilized, i.e., minor fluctuations notwithstanding, the TFR values recorded for the countries of this region are remaining basically unchanged. In contrast, the countries of Southern Europe are experiencing a very drastic decline; Italy's indicator has dropped to an exceptionally low level, but the TFR values for Greece, Spain, and Portugal, for example, are also well below Hungary's figures. As for the remaining developed European countries, the already low fertility rates have partly stabilized, and partly continued to decline.

On the basis of international comparisons we can clearly conclude that our country's low fertility rate is not a unique phenomenon in Europe; in fact, in the developed countries the inclination to have children, in general, is even lower than in our country. Maintaining the reproduction of the population requires—depending on certain demographic variables—2.2-2.3 children on the average, but in the second half of the 1980's this kind of high TFR values have only been found in Poland, Ireland, and the Soviet Union. In the latter country, however, there are extremely great regional differences.

For 30 years now, Hungarian fertility rates have been such that in the long run they cannot ensure the simple replenishment or reproduction of the population. The diminishing of the population has long been projected to occur as an eventual consequence, which until the early 1980's had been prevented from becoming a reality by our age structure, by occasionally pre-recorded births, etc., but which since then has become an inevitable reality. This decline in fertility rates has been a long-evolving trend which can be traced back to earlier periods. This is evidenced by the fact that of the 23 European countries the end fertility statistics of the generation (cohort) of women born in 1930, Hungary's

figure is the lowest (2.03), while the countries whose TFR values for a calendar year are now similar to or lower than ours all had higher or much higher numbers for the generation born in 1930. We might also add that the end fertility indicator for the generation of women born in 1920 was also only 2.22.

In the last 3 years, the value of the TFR has risen somewhat in our country, although the increase has been extremely small (from 1.73 to 1.83-1.81). Presumably it is attributable to the introduction of the child care premium [GYED]. I believe, however, that as some of the facts to be discussed later appear to suggest, this growth is only temporary.

The existence of new attitudes affecting fertility is also underscored by the findings of representative family planning studies. According to the findings of a 1986 family planning study, the number of children desired by 100 young couples dropped from 207 to 197 3 years into the marriage. The main reason behind the drop was that 3 years after they were married, some of the families who had originally planned to have 3 children now only wanted 2, while a smaller percentage of those who had planned to have 2, now only wanted 1. Also indicative of the preference for having fewer children were some of the answers that pertained to the conditions the respondents said would have to exist before they would undertake raising more children. More than one-fourth (28 percent) of the young couples asked indicated that if the conditions for having children were improved they would be ready to have a larger family than what they were currently planning. Of those who responded this way, a higher than average percentage were city-dwellers, professional women of higher education. Ranking high on the respondents' list of necessary conditions, along with the need for proper housing and more available time for raising children, was the need to extend child care premium eligibility until the child turns 3 years old.

Most affected by the introduction of GYED have been the fertility-related attitudes of the "older" generations of the child-bearing age group. This has been confirmed not only by annual birth statistics, but also by the findings of the last family planning survey conducted at the end of 1987. According to those findings the desired number of children given by women married for 13 years—and aged mostly between 30-40—has, however slightly, increased over the past 3 years. Affecting this change in the desired number of children has been primarily the changing ratio of families planning to have only a single child and couples who are planning to have 3.

The causes behind the declining fertility rates of European, and European-cultured societies have been and will continue to be studied by many writers, for several decades. The fundamental cause behind this trend has been the disintegration of the earlier family model owing to industrialization and capitalist development, in other words, the historical process that has led to the transformation of the family from a producing economic unit

into a consuming unit, and as a result of which the economic role of the child has also changed from being a factor of production to being a mere consumer. At the same time, mortality rates—including infant and child mortality statistics—have also declined, allowing more children to reach adulthood than before. Taken together, these developments have led families to try to limit the number of children they are willing to have.

In most of the developing countries there has been little or no change in economic and social conditions over the past several decades, yet mortality rates, owing primarily to the eradication of most contagious diseases, have radically improved. It was the combination of unchanging or barely declining fertility trends (fertility rates of 5-6 on the TFR scale) and mortality rates showing relatively low values that has led to the demographic explosion and the enormous rates of natural increase that have come to characterize the developing world. So far, none of the many different birth control programs tried have made a noticeable impact on this trend.

Naturally, the processes characteristic of the developed countries have evolved differently in each country and society, the details of which we cannot discuss here. Even this, however, does not completely explain the fertility rate differences among the individual countries, for they are affected by a myriad of other variables such as cultural and religious backgrounds, economic and social policy, psychological factors, internal migration, property relations, and many other social peculiarities. A high standard of living, for example, may equally have a fertility-enhancing and retarding effect, just as a low standard of living can be accompanied by higher or lower rates of fertility.

Our country's fertility level has been affected by many different factors throughout its development, and it would be extremely difficult to assess the extent of each variable's impact. We believe that in addition to the effects of the enormous socioeconomic changes we have undergone, the decline of moral and traditional values might also have contributed to the fact that, frightened by the specter of having to face great difficulties, fewer and fewer families are willing to undertake the raising of several children. We are afraid that improving the existing situation will require more than just changing our economic and social environment; other factors affecting our consciousness and morality will also have to undergo a revival.

In our society, births generally occur in the family, in a marital relationship. In 1986, the total number of live births was 128,204, of which only 12,229 occurred out of wedlock. Hence the number of marriages indirectly affects the birth rate trend.

The number (and ratio) of marriages in our country has significantly declined. While in the second half of the 1950's there were still more than 95,000 marriages recorded, by 1980 that number had dropped to a little

over 80,000, and in 1988 it plummeted to less than 66,000. Concurrently, the number of divorces has risen from 16,000-17,000 to 27,000-29,000. In 1988, the trend was slightly reversed, with only about 25,000 marriages legally annulled. The drop in the number of marriages has been due almost exclusively to a decline in people's willingness to marry, and I am talking only about first time marriages. The number of people choosing to remarry remained essentially the stagnant during this period. We do not intend here to address the social and sociological dimensions of this issue, only to point out that people's waning interest in marriage and the declining fertility rate are both manifestations of the same socio-psychological phenomenon, and that they are unquestionably interrelated.

Mortality

From the point of view of morbidity conditions, the 4 decades that have elapsed since the liberation have been characterized by a predominance of lasting and deteriorating diseases. These 40 years may be divided into two periods of more or less equal length: one from 1945-64, and the other from 1965-85. By the early 1960's, mortality rates had dipped to an unprecedentedly low level, but during the last 2 decades the death rate once again began to climb.¹

Between 1949-64, the average life expectancy at birth² had risen from 61.9 to 69.4. Compared with both the earlier period and the results attained in other countries during the post-WWII reconstruction period, this was an extraordinary accomplishment.

The significant lengthening of life expectancy at birth was a result of the fact that in all age groups, but especially in the infant-childhood categories and among adults aged 35 and younger, the incidence of death cases had significantly declined. The infant mortality had dropped from an annual rate of 106.0 thousandths in 1947 to 40.0s thousandth. in absolute terms this had been the most significant improvement, but in relative terms the mortality statistics of certain age groups of children and young people had changed even more favorably.

The steep decline in death rates by age may be explained by the fact that by 1964, the frequency of death cases attributable to contagious diseases had dropped to one-fourth their 1947 level. In reality, however, the processes that had resulted in spectacular results in controlling certain especially notable causes of death had already run their course by the mid-1950's. It should be noted, however, that the concurrent rise in the number of degenerative and tumor-related diseases was already beginning to cast a shadow over this period. The rise in these areas, however, was not only offset, but actually overcome by the decline in the number of deaths attributable to contagious diseases. Hence certain unfavorable phenomena remained temporarily hidden.

It was in the mid 1960's that rising mortality rates became the basic trend in our country. About 77 percent

of the increase in the death rate is attributable to the aging of the populace, while the remaining 23 percent has been the result of a rise in the mortality rates of other age groups.

The deterioration of our death statistics was only belatedly reflected in the numbers pertaining to life expectancy at birth. This in part had to do with a decline in male life expectancy at birth, while—although at a diminishing rate—female life expectancy has continued to rise, or to be more precise, in the last few years to stagnate. In 1985, life expectancy at birth was 69.0 in Hungary (65.1 for men and 73.2 for women). Life expectancy at age 30, the point where the deterioration of the death rate of our adult population is the most clearly discernible, the life expectancy of men had dropped by 4.2 years between 1964-85, and is presently comparable to the level of the 1930's. During the same period, the decline among women had only dropped by 0.3 percent (in 1985, the remaining life expectancy at age 30 was 37.9 years for men and 45.1 years for women). In contrast, the mortality rates for infants, children, and adults aged 30 or younger has considerably improved, even during the past 2 decades. Our relatively high infant mortality rate has, for the most part, been reduced to a problem associated with premature births.

In the case of the male population aged 30 or older, mortality rates had continued to rise at every 5-year increment between 1964-85. The death rate for men aged 40-44 and 45-59 had increased by 108 percent. The death rates recorded in 1985 for men between 40-74 years of age were higher than in 1947.

Between 1964 and 1985, mortality rates for women between 30 and 64 years of age had risen, and in the other age groups had declined. The worsening of death statistics among middle-aged women have been much less dramatic than among men of the same age. The greatest increases in the death rate have been recorded among women aged 40-44 and 50-54, amounting to increases of 30 and 26 percent, respectively.

As a result of the changes that have occurred during the last 2 decades in morbidity and mortality conditions around the world, two main groups of industrial countries have evolved. By the very nature of the problem, the difference between the mortality levels of the two groups has to do with quantity. In reality, however, this quantitative variance expresses a qualitative difference.

In the majority of the industrial countries, the symptoms of illnesses attributable to the deterioration of the human body appear later, and the pathological processes leading to death have been extended compared to the situation that existed a quarter of a century ago. For the first time in human history, the life expectancy of our elderly has been improved. This unexpected accomplishment has been the result, on the one hand, of changing lifestyles,

and on the other, of extremely costly health and socio-political measures. As a result of these factors, by the mid-1980's the life expectancy in this group of countries had risen to 75-77 years.

In some of the industrial countries, the symptoms of lasting and deteriorating diseases appear in an earlier stages of life, and pathological processes lead to death at an earlier age than was the case in the early 1960's. Even compared with the members of this group, Hungary is in an unfavorable position. Our life expectancy has declined, and is now below 70, which is a critical level in terms of future development. The mortality rate of our country's population—assuming a similar age distribution—is 5.9 percent higher than that of the population of Czechoslovakia where conditions are comparable to ours. Compared with the mortality rates of Austria and Sweden in 1985, the corresponding rates for Hungary's population were 42.0 and 70.7 percent higher respectively (assuming that our age distributions are similar).

Our extremely unfavorable mortality rates may be ascribable to several, partially interrelated factors. These may be divided into essentially 3 categories:

1. Negative elements resulting from regional mobility, deteriorating economic conditions, and past traditions that tend to effect earlier and more widespread occurrences of degenerative ailments, especially heart-related, cardiovascular, and tumorous diseases;
2. The failure, owing partially to certain lifestyles and partially to inadequate education, to recognize and understand the value of good health among rather wide segments of the population; and
3. The inadequacy and backwardness of our health-care providing infrastructure in terms of meeting demands and keeping up with the international state of the art.

We are not able here to go into a detailed analysis of the effects of these factors. Without a doubt, these factors have affected the morbidity and mortality conditions of other countries as well. However, as we have pointed out earlier, in the developed countries these effects were either reduced or eliminated earlier owing to a turnabout in negative attitudes and much greater resources committed to health care than we have been willing to muster, or in those areas where their effects can still be felt, they have become less intense. This is how the picture depicted in Table 6 has evolved, which clearly shows that in the mid-1980's our country ranked second to the last among the developed industrial countries in terms of male and female mortality statistics.

The factors discussed above and the age distribution of the population determine the number of deaths in a given year, the raw mortality rate. Looking at the 1980's, we find that the highest mortality figure of 148,600 deceased was recorded in 1983; in 1988, the number of death cases was only about 10,000 less (139,100). What all of this suggests, hopefully, is that perhaps our extremely negative mortality rates are finally beginning

to undergo a slow and favorable change, or at least that the deteriorating trend we have been experiencing may slowly be coming to a halt.

The main factor responsible for the demographic decline that began in the early 1980's has been our high mortality rate. As we have already pointed out, our fertility trends over the past several decades are clearly unable to ensure simple reproduction in the long run; with the deterioration of our mortality statistics over the past 2 decades (while the developed countries have continued to post continued and significant improvements), however we have already been faced with a negative population growth for several years. If our mortality rates were comparable to those of the developed European and overseas countries, our natural reproduction rates would still be relatively favorable. Right now, one of the most important ways that we can influence our demographic trends is by improving our population's state of health and reducing our mortality rate.

The conditions for improving our country's mortality statistics are currently not favorable, yet it is imperative that we do everything in our power to at least try to improve the health conditions of the upcoming young generations. Creating the right conditions for more favorable death statistics is contingent on several conditions. Under no circumstances can we approve of flagellating the public by making their incorrect and often self-destructive lifestyles bear the blame for the high rate of illness and deaths, for the state of the population's health depends first and foremost on the broadly defined socioeconomic environment. This equally includes working conditions, work culture, the relationship between the family and society, lifestyles, and the health care infrastructure. I believe that a favorable change in these factors could give a great impetus to the struggle to improve the mortality situation. The economic difficulties facing us during the upcoming period, however, are not very encouraging, especially not in terms of effecting possible changes in the existing lifestyles. Also unavoidable would be a major upgrading of our health care infrastructure, and the adoption of a prophylactic view of health care. In addition, we must do everything possible to ensure that more and more segments of our society make health an integral element of their value systems. This will help promote the popularization of appropriate personal lifestyles.

A Few Conclusions

On the basis of the brief analysis above we can conclude that—owing to long-present and unfavorable processes—our country's demographic situation has become a cause for concern, primarily because the inherent reserves of the populace have been exhausted. We have reached the point where only a noticeable change in our external conditions can be counted upon to improve our fertility and especially our mortality levels which so fundamentally affect the size and age composition of our populace.

We can also point out that the serious situation which we are facing presumably could have been alleviated had we pursued a consistent and effective demographic policy, for various analyses (not discussed here) conclusively prove that the introduction of the child care allowance and the demographic policy decision of 1973 did, even if not drastically and only temporarily, have an impact on fertility. It appears that were it not for these measures the decline of fertility would have been even more marked.

Another drawback of our earlier demographic policy was that it focused exclusively on fertility, neglecting the other elements of population growth, including first of all the need to improve our mortality rate, despite the fact that our fertility rates have been relatively stable, and that there appears to be little chance of effecting significant changes in its low levels, and that mortality became the basic problem of our demographic policy during this period.

The new system of demographic policy measures, which stem from the 1984 decree by the Council of Ministers concerning our demographic policy, has attempted to take a more complex approach to dealing with the factors affecting population growth, and to recognize the basic role of mortality in bringing about our current unfavorable situation, and it also addresses the possibilities of improving the general health situation. As a result of our deteriorating economic situation, however, we have failed to take the 1984 decisions further, or even to implement most of their features; moreover, the populace has been exposed to new negative effects, especially with the introduction of the personal income tax, which already suggest a decline in fertility rates. Between November 1988 and February 1989, the number of women applying for prenatal care was 8-10 percent lower than during similar periods in the years before. If this trend continues for the rest of 1989, we can expect an extremely low number of births.

In this, even from the qualitative point of view, new demographic situation, we must definitely be prepared to see further drops in the size of our population in the long run; the ratio of elderly people will continue to rise, which will present new challenges for our economic and social policy, family policy, health care, and social policy.

As for effecting a fundamental change in the current demographic trends we cannot be optimistic, for in my opinion even a more effective demographic policy would be doomed to fail without an appropriate economic and social medium. And this will not be attainable for some time. Naturally, we should do everything we can to slow down or stop any further deterioration. In this regard, the greatest prospects for success lie in the area of curbing mortality, and naturally even here only in the long run.

Future demographic developments are deduced from demographic forecasts. The last demographic forecast was conducted in 1986, by the demographic Science

Research Institute of the Central Statistical Office, the results of which may be found in Table 7.

Explaining the method and algorithms used in preparing these forecasts [in Table 7] is naturally beyond the scope of this study. All we would like to point out here as a summary is that the hypotheses presented indicate possible courses of direction which the future development of the various demographic factors may take. The low hypothesis predicts a continued slow decline of fertility rates to be followed by an at first slow, and later more rapid improvement, in other words it proceeds from the assumption that only by raising new, healthier generations will our mortality rates decline, hence only in the long run can we expect any improvement in the life expectancy of people of working age; the death rate among the older generation is expected to remain essentially unchanged during the period of the forecast.

The high hypothesis predicts a gradually increasing rate of fertility and a gradual improvement in mortality rates, reaching a TFR value of 2.10 by 2010, presuming that in the near future there will be a general decline in death rates for every phase of the human life cycle. The likelihood of death for the age group of 70 and above will drop to half of its current level, and the great majority of newborns will live to a very old age.

Should the low version materialize, the size of the population will decline throughout the entire period, in every single year, with the smallest declines (11,000-17,000 per year) expected between 1996 and 2004. In the case of the high (optimal) version, the decline of the size of the population will come to a halt by 1995, and for the entire remaining period there will be positive demographic growth every year with the greatest increase

(15,600 and 15,100, respectively) to occur in 2001 and 2002. Even assuming the very unlikely high version to be the case, however, the 10.7 million population figure registered during the 1980 census will not be reached by 2021, when in my assessment the size of the population will be somewhere between the two extreme values, somewhere in the neighborhood of the middle version or perhaps even lower.

Footnotes

1. A detailed analysis of the mortality issue may be found in "The Mortality Trends in Hungary between 1945-85. I." (Mortality Studies), a Central Statistical Office publication. The author of the analysis included in the publication was Peter Jozan.

2. Life expectancy at birth is one of the functions included in the mortality chart. We have chosen not to include here the mathematical formulae used to arrive at these figures. In computing the number, we first determine, on the basis of the mortality chart, how long the total population born in a given year can expect to live—from birth to complete extinction—taking into account certain variables pertaining to mortality and survival probability. This divided by the total number of new births yields the average life expectancy per capita at birth. The indicator may also be applied to other ages, but in such cases it will show the remaining life expectancy of the populace of a given age group, and naturally only pertains to the mortality conditions of the age interval past the given age group. Life expectancy statistics at births may be directly compared with one another, for they are not affected by the differences stemming from age distribution.

**Table 1: Changing Trends in the Age Composition of the Populace
(Men and Women Combined—1 January, in percentages)**

Age Group (years)	1949	1960	1970	1980	1987
0-14	24.9	25.4	21.1	21.8	21.3
15-39	38.8	36.8	37.0	35.8	35.8
40-59	24.7	24.0	24.8	25.3	24.5
60-X	11.6	13.8	17.1	17.1	18.4

Source: Central Statistical Office demographic yearbooks

Table 2: Composition of Active Earners by Age Group (in percentages)

Age Group (years)	1970	1980	1984
14-29	33.5	32.6	28.5
30-39	23.2	26.4	29.6
40-59 men	35.4	37.8	40.3
40-54 women	"	"	"
60-X men	7.9	3.2	1.6
55-X women	"	"	"
Total	100.0	100.1	100.0

Source: "The Data of the 1984 Micro-Census" Central Statistical Office

Table 3: Age Composition of the Populace (in percentages)

Country	Year	0-14 years old	15-39 years old	40-59 years old	60 and older
Austria	1983	19.1	37.4	23.9	19.6
Belgium	1981	20.0	37.0	24.5	18.5
Bulgaria	1984	21.7	35.4	25.6	17.3
Czechoslovakia	1984	24.4	37.2	22.1	16.3
Denmark	1983	19.2	38.3	22.4	20.1
United Kingdom ^a	1983	19.6	37.2	22.4	20.8
Finland	1983	19.6	40.6	22.8	17.0
France	1983	21.8	37.9	22.5	17.8
Greece	1981	22.4	34.5	25.6	17.5
Holland	1984	20.4	41.5	21.6	16.5
Yugoslavia	1981	24.6	38.3	25.1	12.0
Poland	1985	25.6	39.3	21.2	13.9
Hungary	1985	21.5	35.6	24.8	18.1
German Democratic Republic	1985	17.8	38.3	25.7	18.2
Federal Republic of Germany	1982	16.9	36.9	26.5	19.7
Norway	1983	20.9	37.8	20.3	21.0
Italy	1981	21.5	35.7	25.5	17.2
Portugal	1981	25.5	35.6	23.0	15.9
Romania	1984	25.1	36.2	24.6	14.1
Spain	1981	25.6	35.7	23.1	15.6
Switzerland	1982	18.5	39.1	24.0	18.4
Sweden	1983	18.5	36.2	22.5	22.8
India	1981	39.1	40.1	15.3	5.5
Japan	1983	22.5	37.2	26.4	13.9
People's Republic of China	1982	33.6	41.8	17.0	7.6
Egyptian Arab Republic	1976	39.9	38.1	15.7	6.3
United States of America	1984	21.9	41.4	20.2	16.5
Brazil	1983	37.7	41.1	14.7	6.2
Canada	1984	21.7	42.9	20.8	14.6
Mexico	1979	46.2	37.3	11.8	4.7
Australia	1983	24.4	40.8	20.5	14.3

^a without Northern Ireland and Scotland

Source: "International Statistical Handbook," Central Statistical Office, 1987

Table 4: Demographic Ratios

Country	Year	Live Births	Deaths	Natural Increase	Year	Deaths under Age 1 per 1000 Live Births
Austria	1980	12.1	12.3	-0.2	1980	14.3
	1985	11.5	11.8	-0.3	1984	11.5
Belgium	1980	12.5	11.6	0.9	1980	12.1
	1985	11.5	11.2	0.3	1984	10.7
Bulgaria	1980	14.3	11.1	3.2	1980	20.2
	1985	13.3	12.0	1.3	1985	15.4
Czechoslovakia	1980	16.3	12.2	4.1	1980	18.4
	1985	14.5	11.8	2.7	1985	14.0
Denmark	1980	11.2	10.9	0.3	1980	8.4
	1985	10.6	11.4	-0.8	1984	7.7
United Kingdom	1980	13.5	11.8	1.7	1980	12.0
	1985	13.3	11.9	1.4	1984	10.2
Finland	1980	13.2	9.3	3.9	1980	7.6
	1985	12.8	9.8	3.0	1984	6.5
France	1980	14.9	10.2	4.7	1980	10.0
	1985	14.1	10.1	4.0	1984	8.3
Greece	1980	15.4	9.1	6.3	1980	17.9
	1985	11.7	9.3	2.4	1984	14.3
Holland	1980	12.8	8.1	4.7	1980	8.6
	1985	12.3	8.5	3.8	1984	8.9
Yugoslavia	1980	17.0	9.0	8.0	1980	31.4
	1985	15.9	9.1	6.8	1984	28.9
Poland	1980	19.5	9.8	9.7	1980	21.3
	1985	18.2	10.2	8.0	1985	18.4
Hungary	1980	13.8	13.6	0.3	1980	23.2
	1985	12.2	13.9	-1.6	1985	20.4
German Democratic Republic	1980	14.6	14.2	0.4	1980	12.1
	1985	13.7	13.5	0.2	1985	9.6
Federal Republic of Germany	1980	10.1	11.6	-1.5	1980	12.6
	1985	9.6	11.5	-1.9	1984	9.6
Norway	1980	12.5	10.1	2.4	1980	8.1
	1985	12.4	10.6	1.8	1984	8.3
Italy	1980	11.2	9.7	1.5	1980	14.6
	1985	10.1	9.5	0.6	1984	11.6
Portugal	1980	16.0	9.6	6.4	1980	24.3
	1985	12.3	9.6 ^a	4.6 ^a	1984	19.3 ^b
Romania	1980	18.0	10.4	7.6	1980	29.3
	1985	15.8	10.9	4.9	1985	25.6
Spain	1980	15.2	7.7	7.5	1980	11.1
	1985	12.5 ^b	7.8 ^b	4.7 ^b	1984	10.5 ^b
Switzerland	1980	11.6	9.2	2.4	1980	9.1
	1985	11.6 ^a	9.1 ^a	2.5 ^a	1984	7.1
Sweden	1980	11.3	11.0	0.3	1980	6.9

Table 4: Demographic Ratios (Continued)

Country	Year	Live Births	Deaths	Natural Increase	Year	Deaths under Age 1 per 1000 Live Births
	1985	11.8	11.3	0.5	1984	6.4
Soviet Union	1980	18.3	10.4	7.9	1980	—
	1985	19.4	10.6	8.8	1984	—
Japan	1980	13.7	6.2	7.5	1980	7.5
	1985	12.5 ^a	6.2 ^a	6.3 ^a	1984	6.2 ^b
People's Republic of China	1980	18.2	6.3	11.9	1980	—
	1985	17.8	6.6	11.2	1984	—
Egyptian Arab Republic	1980	37.6 ^c	10.1 ^c	27.5 ^c	1980	76.0
	1985	36.9 ^d	10.3 ^d	26.6 ^d	1984	10.3 ^c
United States of America	1980	15.8	8.7	7.1	1980	12.6
	1985	15.7	8.7	7.0	1984	10.6
Brazil	1980	23.3	6.8	16.5	1980	68.1
	1985	19.3 ^a	6.3 ^a	13.0 ^a	1984	60.9
Canada	1980	15.5	7.2	8.3	1980	10.4
	1985	14.9	7.0	7.9	1984	8.5 ^b
Mexico	1980	35.3	6.2	29.1	1980	38.5
	1985	32.7 ^d	5.6 ^d	27.1 ^d	1984	33.0 ^d
Australia	1980	15.3	7.4	7.9	1980	10.7
	1985	15.0 ^a	7.1 ^a	7.9 ^a	1984	9.2

a₁₉₈₄; b₁₉₈₃; c₁₉₈₁; d₁₉₈₂

Table 5: Average Total Fertility Rates in Selected Countries

Country	1950-55	1955-60	1960-65	1965-70	1970-75	1975-80	1981	1982	1987
Bulgaria	2.50	2.28	2.19	2.16	2.17	2.25	2.01	2.02	
Czechoslovakia	2.89	2.58	2.40	2.08	2.34	2.36	2.10	2.10	
Poland	3.62	3.29	2.65	2.27	2.25	2.26	2.22	2.34	
Hungary	2.72	2.21	1.82	1.97	2.08	2.11	1.88	1.79	1.81
German Democratic Republic	2.37	2.25	2.45	2.29	1.71	1.81	1.86	1.86	
Romania	2.87	2.62	2.01	3.06	2.63	2.55	2.37	2.15	
United Kingdom	2.18	2.50	2.82	2.52	2.04	1.72	1.81	1.78	
Denmark	2.53	2.53	2.58	2.24	1.96	1.70	1.44	1.43	
Sweden	2.21	2.23	2.33	2.12	1.89	1.65	1.63	1.62	1.84
Greece	2.29	2.27	2.20	2.39	2.32	2.32	2.10	2.03	
Italy	2.32	2.35	2.55	2.49	2.27	1.92	1.57	1.57	1.27
Spain	2.57	2.75	2.89	2.93	2.89	2.63	1.99	1.87	
Austria	2.09	2.52	2.78	2.53	2.01	1.64	1.67	1.66	1.43
France	2.73	2.71	2.85	2.61	2.31	1.86	1.95	1.91	1.82
Holland	3.06	3.09	3.12	2.74	1.97	1.58	1.56	1.50	
Federal Republic of Germany	2.08	2.32	2.48	2.33	1.62	1.44	1.44	1.41	1.37
Soviet Union	2.82	2.81	2.54	2.42	2.44	2.34	2.25	2.29	
United States	3.45	3.71	3.31	2.55	1.97	1.93	1.81	1.83	
Japan	2.75	2.08	2.01	2.00	2.07	1.81	1.71	1.74	

Source: on the basis of Tables 1 and 3 of Andras Klinger: "The Future of Reproduction," STATISZTIKAI SZEMLE, No 1 1989

Table 6: Average Life Expectancy at Birth in Industrial Countries With a Developed Health Care Culture, 1964-85

Country	Life Expectancy at Birth					
	of the Male Segment of the Population		of the Female Segment of the Population		of the Total Population	
	1964	1985	1964	1985	1964	1985
Albania	63.7 ¹	—	66.0 ¹	—	64.8 ¹	—
Austria	66.2 ²	70.4	72.7	77.4	69.3 ²	73.8
Belgium	67.3 ²	70.8 ¹¹	73.3 ²	77.8 ¹¹	70.2 ²	74.2 ¹¹
Bulgaria	68.4 ²	68.5 ¹¹	72.1 ²	74.5 ¹¹	70.2 ²	74.2 ¹¹
Czechoslovakia	67.8	67.1 ¹¹	73.6	74.6 ¹¹	70.6	70.7 ¹¹
Denmark	70.3 ¹	71.8 ¹¹	74.6 ¹	77.8 ¹¹	72.4 ¹	74.7 ¹¹
United Kingdom, England, and Wales	68.3 ³	71.9 ¹¹	74.4 ³	77.9 ¹¹	71.2 ³	74.8 ¹¹
Northern Ireland	67.8 ³	70.3	72.9 ³	76.5	70.3 ³	73.3
Finland	65.4 ⁴	70.5 ¹¹	72.6 ⁴	79.0 ¹¹	68.9 ⁴	74.6 ¹¹
France	68.0	71.7 ¹¹	75.1	80.1 ¹¹	71.4	75.8 ¹¹
Greece	67.5 ⁵	73.8 ¹¹	70.7 ⁵	78.6 ¹¹	69.0 ⁵	76.1 ¹¹
Holland	71.1 ⁴	73.0 ¹¹	75.9 ⁴	79.9 ¹¹	73.4 ⁴	76.3 ¹¹
Ireland	68.2 ²	70.3 ¹²	72.0 ²	76.0 ¹²	70.0 ²	73.1 ¹²
Iceland	70.8 ⁴	74.9 ¹¹	76.2 ⁴	80.6 ¹¹	73.4 ⁴	77.7 ¹¹
Yugoslavia	62.4 ⁶	67.8 ¹³	65.6 ⁶	73.7 ¹³	63.9 ⁶	70.6 ¹³
Poland	67.5 ³	66.8 ¹¹	72.9 ³	75.0 ¹¹	70.1 ³	70.8 ¹¹
Hungary	67.5	65.1	72.3	73.2	69.8	69.0
German Demo- cratic Republic	68.3 ¹	69.6 ¹¹	73.3 ¹	75.4 ¹¹	70.7 ¹	72.4 ¹¹
Federal Republic of Germany	67.6 ⁷	71.6	73.5 ⁷	78.3	70.4 ⁷	74.8
Norway	71.0 ⁴	73.0 ¹¹	76.0 ⁴	79.8 ¹¹	73.4 ⁴	76.3 ¹¹
Italy	67.0 ²	71.5 ¹⁴	72.4 ²	78.2 ¹⁴	69.6 ²	74.7 ¹⁴
Portugal	60.7 ⁸	69.5	66.4 ⁸	76.6	63.5 ⁸	72.9
Romania	65.4 ⁹	67.1 ¹¹	70.3 ⁹	72.7 ¹¹	67.8 ⁹	69.8 ¹¹
Spain	68.0 ²	72.4 ¹⁵	72.7 ²	78.6 ¹⁵	70.3 ²	75.4 ¹⁵
Switzerland	68.7 ²	73.5	74.5 ²	80.4	71.5 ²	76.8
Sweden	71.6 ⁴	73.9 ¹¹	75.7 ⁴	80.1 ¹¹	73.6 ⁴	76.9 ¹¹
Soviet Union	66.0 ⁷	64.0 ¹⁶	74.0 ⁷	73.0 ¹⁶	70.0 ⁷	69.0 ¹⁶
United States	66.8 ²	71.0 ¹²	73.5 ²	78.3 ¹²	70.0 ²	74.5 ¹²
Canada	68.4 ⁵	73.0 ¹¹	74.2 ⁵	80.1 ¹¹	71.2 ⁵	76.4 ¹¹
Israel	70.5 ¹⁰	73.2 ¹¹	73.2 ¹⁰	76.7 ¹⁰	71.8 ¹⁰	74.9 ¹¹
Japan	66.6 ²	75.0	71.7 ²	81.0	69.1 ²	77.9
Australia	67.8 ²	72.6 ¹¹	74.2 ²	79.3 ¹¹	70.9 ²	75.8 ¹¹
New Zealand	68.5 ²	71.2 ¹¹	74.0 ²	77.8 ¹¹	71.2 ²	74.4 ¹¹

¹1963/64; ²1960/64; ³1963/65; ⁴1961/65; ⁵1960/62; ⁶1961/62; ⁷1964/65; ⁸1959/62; ⁹1963; ¹⁰1965; ¹¹1984; ¹²1983; ¹³1982; ¹⁴1981; ¹⁵1980; ¹⁶1985-2nd 6 months/1986-1st 6 months.

Source: "Development of Mortality Rates in Hungary Between 1945-85. No 1, Central Statistical Office, 1988 p 51

Table 7: Hungary's Population According to Selected Age Groups, 1986-2021

Variant	Year	0-14	15-39	40-59	60-X	Total
Low	1986	2278.6	3797.2	2623.3	1940.9	10,640.0
	1991	2068.6	3800.4	2649.1	1980.5	10,498.6
	1996	1882.0	3702.2	2828.0	1962.8	10,375.0
	2001	1911.6	3583.8	2879.9	1933.8	10,309.1
	2006	1948.4	3543.4	2789.7	1950.5	10,232.0
	2011	1882.8	3460.0	2723.5	2027.1	10,093.4
	2016	1745.1	3328.0	2661.4	2205.1	9,939.6
	2021	1650.0	3156.4	2744.1	2258.5	9,809.0
Medium	1986	2278.6	3797.2	2623.3	1940.9	10,640.0
	1991	2082.3	3801.3	2652.7	1985.1	10,521.4
	1996	1913.7	3704.7	2839.0	1980.4	10,437.8
	2001	1974.8	3587.4	2827.4	1970.9	10,430.5
	2006	2045.7	3561.3	2810.5	2009.7	10,427.2
	2011	2021.2	3495.8	2745.4	2107.7	10,370.1
	2016	1915.9	3394.8	2681.7	2308.8	10,301.2
	2021	1841.4	3270.1	2763.7	2384.7	10,259.9
High	1986	2278.6	3797.2	2623.3	1940.9	10,640.0
	1991	2093.5	3802.1	2655.6	1993.2	10,544.4
	1996	1942.8	3706.5	2847.1	2006.6	10,503.0
	2001	2033.8	3589.8	2909.6	2020.7	10,553.9
	2006	2136.1	3575.3	2825.0	2082.7	10,619.1
	2011	2145.0	3527.8	2761.3	2201.6	10,635.7
	2016	2067.0	3456.6	2697.4	2423.6	10,644.6
	2021	2017.1	3374.2	2780.3	2524.7	10,696.3

Source: Laszlo Habcsek, Mrs Langer/Maria Redei, Kalman Szabo: "The Population of Hungary; a National Demographic Forecast for 1986-2021," Demographic Science Research Institute, Central Statistical Office, Budapest 1988 p 23